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The COMMERCIAL & FINANCIAL CHRONICLE

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OUR REPORTER'S REPORT

Those who follow the bond market suspect just a dash of "wishful thinking" in some of the reports now going the rounds with regard to prospective new financing by several public utility companies.

They take the current discussion of the Utah Power & Light Company's plans, which set a figure as high as $45,000,000 for a new issue as a case in point.

Considering the position of the company's outstanding 5s, due in 1944, they are still moving somewhat under par, market observers contend that such financing can hardly be imminent.

It was admitted, however, that the behavior of the bonds recently does suggest that work is doubtless under way on the matter of shaping up a refinancing program, since the issue has suddenly come to life in the last few days.

But those who take their cue from the market are satisfied that some weeks will elapse before the company completes the formality of going into registration with the Securities and Exchange Commission to cover any proposed new issue.

Such financing, when it comes, is expected to provide for refunding of certain outstanding obligations of subsidiaries including those of Utah Light & Traction and Western Colorado Power.

Florida Power & Light

Florida Power & Light Company is considered likely to be in the market with a large-scale program in advance of Utah Power & Light. The southern utility already has in registration with the Securities and Exchange Commission a program of refinancing involving almost $70,000,000.

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Our Reporter On "Governments"

So it will be a $4,000,000,000 borrowing this month—the largest in a group of ever-increasingly large financings. . . . And if the Treasury continues its policy of "rotating" its offerings, October's will be a bond flotation. . . . Maybe a reopening of the "taps." . . . Or maybe a new medium-maturity bond, carrying a 2¼% coupon. . . . Or maybe a mixture of longs and shorts. . . .

Considering the fact that September's $3,000,000,000 deal was in the form of short terms, October's should be in the form of longs. . . . And yet, even this partially enunciated policy of rotating offerings is not sufficient. . . . What we need is a definite, understood, established over-all war financing program. . . . What we need is an end to this month-to-month, haphazard borrowing policy. . . . Perhaps, October's issue will be the last of the issues under the old program. . . . It is about time. . . .

Anyway, we'll have the issue the second week of October, according to reports. . . . And between now and then, the market should be stable and uninteresting, for it's in the "waiting phase" again. . . .

ANOTHER BILL TOTAL RISE?

Weekly discount bill total now at $400,000,000 and going well. . . . Subscriptions are satisfactory, well distributed, indicate nation-wide familiarity with issue. . . . Last issue of bills was sold at average rate of 0.370%, an increase of 0.001% from previous week. . . . Bill rate definitely is stabilizing although at much higher level than was normal a year ago. . . . Rate around this time in 1941 was 0.071%, reflecting a rise in this shortest-term Government credit of 0.297%. . . .

Probability is bill totals will go up again—and soon, according to informed sources. . . .

$500,000,000 is the objective. . . . And when that is reached, look for holding around that level. . . . Incidentally, if you have surplus cash which you know you'll need in a few months, buy the bills. . . . You must bid competitively, of course, but you can find information on this from an informed dealer. . . . Inquire best way to bid and best rates. . . .

In effect, a discount bill is an interest-bearing reserve account for you. . . . Easily marketable and maturing in 91 days and still bearing a return. . . . If you aren't in the bill market now, consider this step seriously. . . .

INSIDE THE MARKET

Insurance company purchases of Governments and other securities have fallen way off in last few weeks—indicating "breathing spell" between Government financings. . . . Insurance companies have placed 57% of their new investment funds in Governments in 1942 to date, will up this percentage as months roll by. . . .

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Minimum Capital Rule And The SEC

Rumor has it that the SEC will not sanction the minimum capital rule recently voted by the National Association of Securities Dealers, Inc., but instead will establish such standards for the whole over-the-counter field. Because of the injustice that such a rule would impose on the little dealer, and in view of the strenuous efforts of the New Deal Administration to protect the rights and privileges of those not blessed with abundant riches, we are hesitant to believe that the SEC would take any action which would be at variance with the philosophy of its creator.

Roger Babson Says Outlook For Bank Earnings Good; Touches On Inflation

In the "Christian Science Monitor" of last Saturday, Roger Babson had the following to say on the subject of bank earnings and inflation:

"An interest rate is a money fee paid by those who have less than they need of money, to those who have more than they can use. The rate at which money will be lent during the coming inflation will depend upon the relative status of two elements: (1) the eagerness of those who have insufficient money to have or do things which require money; (2) the eagerness of those who have ample funds to loan money for an interest revenue.

"Inflation means that there is plenty of money of a kind. In some cases, inflation takes on the characteristics of an apparent shortage of purchasing power. In Germany in the 20's since the huge increase in the supply of money was placed to the benefit of a small clique, the rest of the nation suffered a severe shortage of money. Prices would go up faster than this flood of money would reach the public and most businessmen. This advance was caused both by a decreasing desire to hold onto money and by an increasing demand for tangible goods.

"If inflation should take the shape of a huge expansion of currency, or a sudden increase in the use of currency, there might be greater assurance that interest rates would go up during inflation. In this country, however, inflation is taking the form of slow bank deposit inflation. So many people use checks to spend their bank deposits that we are not immediately threatened with radical currency inflation.

Government Now Controls Rates

"Inasmuch as the Government now controls the Federal Reserve Board, the interest rates which are accompanying the present slow inflation are a matter of Government policy. One must not forget that ever since the banking system was invented, the supply of monetary funds, whether as credit or currency, depended upon Government legislation rather than on gold and silver.

"Recent statements emanating from Government quarters indicate that the Comptroller of the Currency, when examining banks, will tend to consider the Government bond portfolio of such banks as a non-risk element in the bank's earning assets. On this basis, banks may be permitted to continue the purchase of Government bonds regardless of their financial statement. Consequently, banks are engaged in the wholesale purchasing of Government bonds.

"During the war, we should continue to witness low interest rates. Deposits, however, will so increase that, notwithstanding low rates, banks should be able to earn dividends during the war. If allowed to make higher service charges, they may even accept a lower rate of interest on their Government bonds. The deposits of the average bank increase to about 75% of its increase of Government bond holdings.

Money Rates After the War

"In the post-war period, there will develop a resumption of international trade which should cause a renewed demand for funds for the purpose of rehabilitating devastated regions and inventories. This will come just at the time when individuals and busi-

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DEALER BRIEFS

Cincinnati, O.

Investors are very cautious and confused. Their prime motive, as it should be, is to preserve capital, although facing the growing necessity of bolstering declining income on investments other than Government bonds, which are absorbing most of the funds resulting from maturing or called bonds, or preferred stocks.

The inflation hedge theory seems to be secondary to the other factors and there is practically no speculative interest. — *Herbert R. Bloch, Benj. D. Bartlett & Co.*

Hartford, Conn.

Business is quiet in Connecticut. Many salesmen are working in Defense Factories while still keeping Broker connections. Connecticut Industrial Stocks appear attractive to us although the best buys to date have been the local Insurance Stocks with their low yields.— *W. W. Mansfield, Mansfield & Company*

Indianapolis, Ind.

We find that the principal interest of our clientele today is in local securities which are apparently under-valued in connection with present and prospective earning power. We find active interest in Stokely Bros. preferred, Indianapolis Railways, Inc. bonds and local real estate securities.—*J. J. Kiser, Kiser, Cohn & Shumaker, Inc.*

Philadelphia, Pa.

Local dealers report good success in placing second-grade and reorganization railroad bonds with their customers based on the premise that this classification enjoys immunity from the threat of high taxes and yet provides opportunities for liberal yield and further appreciation. In view of the fact that the more desirable of such issues are listed, we are, wherever possible, adding a flat charge to the regular exchange commission. We find little customer objection to this method in view of the statistical and advisory service involved.—*J. Gentry Daggy, Buckley Brothers*

Sioux City, Iowa

For the last six months our municipal and over-the-counter business has been fairly satisfactory. The volume of listed items has been subnormal, but with the passing of the tax bill and the fate of Stalingrad determined, we look for an improved volume, probably on the upside. The action of the market during the last few days has shown symptoms of what might happen with the settlement of the two factors just mentioned, as well as the wage and farm measures now pending.

Enormous grain crops now maturing in this section, together with heavy livestock shipments, should produce a large amount of cash for the purchase of securities and available merchandise in addition to war bonds.—*C. W. Britton, C. W. Britton & Co.*

New Orleans Traders Name Kingsbury Pres.

NEW ORLEANS, LA.—At the annual meeting of the New Orleans Security Traders Association, J. Wallace Kingsbury of Kingsbury & Alvis, was elected

J. W. Kingsbury

President for the term Oct. 1, 1942, through Sept. 30, 1943.

Joseph Minetree, of Merrill Lynch, Pierce, Fenner & Beane, was named Vice-President, and James Roddy, of Scharff & Jones, Inc., was chosen for the office of Secretary-Treasurer.

The New Orleans Security Traders Association is an affiliate of the National Security Traders Association.

Gustav Klein Is With Mackubin, Legg & Co.

BALTIMORE, MD.—Mackubin, Legg & Co., 22 Light St., members of the New York and Baltimore Stock Exchanges, announce that Gustav Klein is now associated with them in their municipal department. Mr. Klein was formerly manager of the municipal department of W. W. Lanahan & Co., was with Stein Bros. & Boyce, and prior thereto for many years was with Alex. Brown & Sons.

Gay, Field & Wixted Join Gude, Winmill

Charles R. Gay, senior partner, and Edward P. Field and Joseph F. Wixted, partners of the New York Stock Exchange firm of Winthrop, Whitehouse & Co., will become members of the firm of Gude, Winmill & Co., 1 Wall Street, New York City, today coincident with the dissolution of Winthrop, Whitehouse & Co. These additions to the official family of Gude, Winmill & Co. represent an enlargement of that firm and its facilities. The Brooklyn office of Winthrop, Whitehouse & Co. which was opened in 1920 by the former firm of Whitehouse & Co. will be operated as a branch of Gude, Winmill & Co., which maintain two offices in Manhattan. Robert C. Winmill, Fred F. Alexandre, John A. Morris, Paul L. Hughes, Sherburne Prescott, James G. Tremaine, Coleman B. McGovern are other general partners and Viola T. Winmill is a limited partner of the firm. The firm will be members of the leading stock and commodity exchanges.

Robert C. Winmill, the senior partner of Gude, Winmill & Co. is well known in financial circles in New York and Washington and is a director of a number of corporations. Edward P. Field was for many years senior partner of the firm of Pearl & Co. and became a general partner in Whitehouse & Co. in 1935. He is a director of the Commodity Exchange Hide Clearing Association and of the Commodity Exchange Metal Clearing Association.

Mr. Gay has been a member of the New York Stock Exchange since 1911, a governor from 1923 to 1935 and president from 1935 to 1938. He is a trustee of Dickinson College, Drew University, Packer Institute of Brooklyn and the Dime Savings Bank of Brooklyn. He was the first Exchange president to endeavor aggressively to "sell" the Exchange through a program of education and public relations. He expressed the belief that "the exchanges, even under the adverse conditions of the present day, continue to be the nation's market-places for securities," and that, "the present management of the New York Stock Exchange under the able leadership of President Schram is progressive and doing a fine job."

"Just as the sale of Liberty Loan bonds in the last war created an army of investors, the sale of the many times greater amounts of War Bonds today is not only helping to win the war but is creating a new army of potential investors and building up a reserve purchasing power which must make itself felt at the proper time," Mr. Gay said in commenting on the market outlook.

Admission of Messrs. Gay, Field and Wixted to partnership in Gude, Winmill & Co. was previously reported in the "Financial Chronicle" of Sept. 3.

Now Penington, Colket Co.

The firm name of Penington, Colket & Wisner, members of the New York and Philadelphia Stock Exchanges and New York Curb Exchange was changed to Penington, Colket & Co. on Sept. 30, coincident with the retirement from the firm of Herbert L. Wisner.

Penington, Colket & Co. maintains offices at 70 Pine Street, New York City, 123 South Broad Street, Philadelphia, and in Reading, Pa.

Fahey Chosen Head Of Ohio IBA Group

CLEVELAND, O.—The northern Ohio group of the Investment Bankers Association has elected Leslie J. Fahey, President of Fahey, Clark & Co., Chairman for 1942-1943. Durwood Du Bois, Stranahan, Harris & Co., Toledo, was named Vice-Chairman, and Herman Sheedy, McDonald-Coolidge & Co., Secretary-Treasurer.

John S. Fleek, Hayden, Miller & Co., Maynard H. Murch, Maynard H. Murch & Co., and Yost Fulton, of Maynard H. Murch & Co., the retiring Chairman of the northern Ohio group, become new ex-officio members of the Board of Governors.

Members of the Nominating Committee were M. J. M. Cox, Curtiss, House & Co., Chairman; & Co., Maynard H. Murch, May-C. B. McDonald, McDonald-Coolidge & Co.; and Harold L. Emerson, H. L. Emerson & Co., Inc.

Frank Mulligan With E. H. Rollins & Sons

Frank E. Mulligan has become associated with E. H. Rollins & Sons, Inc., 44 Wall Street, New York City, in their trading department. Mr. Mulligan was formerly with G. A. Saxton & Co., and prior thereto was with Distributors Group, Inc., and Hoit, Rose & Troster.

Shaskan & Co. Adds Mendelson To Staff

Sidney Mendelson has become associated with Shaskan & Co., 40 Exchange Place, New York City, members of the New York Stock Exchange, and will be in charge of the mortgage certificate and title department. Mr. Mendelson formerly was with Leroy A. Strasburger & Co.

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Wall Street Riders Name New Officers

At the Seventh Annual meeting of the Wall Street Riding Club, Miss Frances M. Weller was elected President for the coming season. Miss Weller was formerly Secretary and Director of the Club. Other officers elected were: Miss Regina Hankinson, Vice-President and Treasurer and Miss Helen M. Doyle, Secretary. Six directors were elected to serve for a term of two years: Burton Wander, Charles Brunner and William H. Salisbury; Frances M. Weller, Helen M. Doyle and Eugenie Dittmann.

While several of the members of the Wall Street Riding Club are now with the armed forces, the Club looks forward to an active season of competition and social events. Recently, a sizeable sum of money was contributed to the Tribune Fresh Air Fund by the Club; proceeds of its Sixth Annual Horse Show, which was given for this benefit.

Now Jas. B. Taylor Co.

With the retirement today of John G. Bates and J. Grenville Bates, Jr., from partnership in Taylor, Bates & Co., 48 Wall Street, New York City, the firm name will be changed to James B. Taylor & Co.

Bull, Holden & Co. Opens Business Today

The new Stock Exchange firm of Bull, Holden & Co. opens for business today, with offices at 14 Wall Street, New York City. The general partners of the firm—Henry W. Bull, Milton W. Holden and George F. Brennan—together with other members of its staff have been with the firm of Winthrop, Whitehouse & Co., which is being dissolved, and were formerly with Winthrop, Mitchell & Co.

The opening of the new firm marks the completion of 47 years in Wall Street for Henry W. Bull, the senior partner. He started his career in 1895 with Edward Sweet & Co. That firm was headed by his father, the late William L. Bull, who was President of the New York Stock Exchange in 1889-90. For many years Mr. Bull was senior partner of Harriman & Co. and also Harriman, Keech & Co. He is President of the Turf and Field Club and formerly for many years was President of the National Steeplechase and Hunt Association. He is a Director of the Fulton Trust Company.

Mr. Holden has been a partner in the firms of Harris, Winthrop & Co., Winthrop, Mitchell & Co. and Winthrop, Whitehouse & Co., and formerly was with West & Co., of Philadelphia. He served in the Lafayette Flying Corps of the French Army during the first World War.

Mr. Brennan, who has been associated with Mr. Bull since 1914, will represent the new firm on the floor of the New York Stock Exchange. He has been a member of the Exchange since 1926.

Formation of Bull, Holden & Co. was previously reported in the "Financial Chronicle" of Sept. 10.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Sept. 28 that the tenders for $400,000,000, or thereabouts, of 91-day Treasury bills to be dated Sept. 30 and to mature Dec. 30, which were offered on Sept. 25, were opened on Sept. 28 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for, $725,763,000.
Total accepted, $401,288,000.
Range of accepted bids:
High, 99.925, equivalent rate of discount approximately 0.297%.
Low, 99,905, equivalent rate of discount approximately 0.376%.
Average price, 99.906, equivalent rate of discount approximately 0.373%.
48% of the amount bid for at the low price was accepted.

There was a maturity of a similar issue of bills on Sept. 30 of $301,758,000.

Assoc. Gas & Elec. Study

Wertheim & Company, 120 Broadway, New York City, has just prepared a new bulletin commenting on certain phases of the Associated Gas & Electric Corporation System. Copies may be had upon request.

Stock Market Looks Higher

During the past week the market advanced out of the narrow range in which it had been backing and filling for a period of almost three months since its recession from the high point of the recovery reached early in July. Moreover, the break-out on the upside was accompanied by the best volume of the year.

While it is true that the penetration of this July high was not large in extent and there has since been some slight recession, it is our opinion that the long period spent in a narrow range since the July high was made, together with the greatly increased volume on which the penetration was accomplished, justify the assumption that the past three months of narrow movement are to be viewed as a consolidation of a previous advance, with a further advance now indicated.

Accordingly, we consider purchases around current levels warranted, in anticipation of higher prices.—*Lober Brothers & Co.*

Boston S. E. Elects A. Giroux President

BOSTON, MASS.—At the annual election of the Boston Stock Exchange, Archibald R. Giroux was elected president. Stearns Poor was chosen vice-president and Mark R. Hodges, Schirmer, Atherton & Co., was re-elected treasurer for the seventh term.

Belknap Is Now With Stein Bros. & Boyce

BALTIMORE, MD.—Stein Bros. & Boyce, 6 South Calvert Street, members of the New York Stock Exchange and other leading exchanges, announce that Robert S. Belknap has become associated with them. Mr. Belknap was formerly with W. W. Lanahan & Co., was at one time sales manager for Alex. Brown & Sons, and prior to that was in charge of the Baltimore office of The National City Company.

Arthur Stemler Opens As Investment Counsel

Arthur L. Stemler is opening an office today at 50 Pine Street, New York, to act as a financial consultant to estates and corporations. Mr. Stemler has been associated with Blair & Co., Inc. for the past thirty years, and since 1932 has served at treasurer and assistant secretary of that corporation.

NY Analysts To Meet

The New York Society of Security Analysts, Inc., announces that at their meeting on Friday, Oct. 2, Benjamin Graham will speak on "Stockholders and the Managerial Revolution."

On Monday, Oct. 5, Karl Shaver of the Utilities Division of the Securities and Exchange Commission will speak on "Problems Facing the SEC in the Enforcement of the Public Utilities Holding Company Act."

On Wednesday, Oct. 7, T. L. Shaffer, Vice-President of Congoleum-Nairn, Inc., will speak on the "Floor-Covering Industry."

All will be luncheon meetings held at 56 Broad Street, New York City; lunch at 12:30 p.m., with the addresses scheduled for 1 p.m.

Inv. Fairplay League Appoints Leonard Mgr.

B. C. Forbes, head of the Investors Fairplay League, announces the appointment of Luke C. Leonard, business man and organizer, as manager of the League's Michigan branch, with headquarters in Detroit. Senator Arthur H. Vandenberg, one of Mr. Leonard's early employers on the Grand Rapids "Herald," has expressed cordial endorsement of the appointment.

Barcus Kindred Takes Over Lewis, Pickett

CHICAGO, ILL.—Barcus, Kindred & Co., municipal bond dealers, have acquired the firm of Lewis, Pickett & Co., it is announced. The Lewis, Pickett concern will be continued for the purpose of completing the company's unfinished business. Offices have been moved to Barcus, Kindred's headquarters at 231 South La Salle Street.

All of Lewis, Pickett & Co.'s personnel except John D. Pickett will continue with the organization, including Harry J. Wilson and Stanley W. Lang, Vice-Presidents; and Norman S. Wilson, Treasurer. Mr. Pickett, former President, is retiring after 30 years in the municipal bond field.

Lewis, Pickett & Co. has been active in underwriting municipal revenue issues, particularly in financing the acquisition of utilities by cities. The company has handled many acquisitions consummated in Illinois and Indiana in recent years, including Vincennes, Greencastle, Princeton and Mt. Vernon, Ind.; and Mattoon, Litchfield, Benton, Jerseyville and Westmont, Ill.

Barcus, Kindred & Co. has been specializing in the analysis, underwriting and distribution of municipal securities since 1932, and has branch offices in Austin, Tex., and Des Moines, Ia.

In The Armed Forces

Gordon K. Cohn, Vice-President of Kiser, Cohn & Shumaker, Inc., Indianapolis, who enlisted as a private in the Army in February, 1942, is now in Officers' Candidate School, Financial Department of the Army, at Duke University, Durham, N. C.

William A. Grigsby, long associated with John Nuveen & Co. in their Chicago office, 135 South La Salle Street, and in their Miami office, has joined the U. S. Army.

James M. Johnston, President of Johnston, Barr & Co., Chattanooga Bank Building, Chattanooga, Tenn., has been commissioned as a Lieutenant in the U. S. Naval Reserve and has been called for duty. His firm will discontinue business for the duration.

Julian A. Kiser, of Kiser, Cohn & Shumaker, Inc., Indianapolis, who enlisted in the U. S. Army as a private in February, is now a Second Lieutenant in the Air Corps, stationed at Hunter Field, Savannah, Ga.

Kenneth V. Leibert, of the trading department of Mitchell & Co., 120 Broadway, New York City, is now serving in the U. S. Navy.

Albert W. Lind, a general partner of Sterling, Grace & Co., 50 Broad Street, New York City, members of the New York Stock Exchange, has just been commissioned a Lieutenant, Junior Grade, in the U. S. Naval Reserve and is taking a leave of absence for the duration. He will, however, remain a general partner in the firm.

REAL ESTATE SECURITIES

INTELLIGENT ANALYSIS BY INVESTORS

Dealers who specialize in the sale of real estate bonds record an increasing interest in this type of security from a public who previously had shown little interest. Those firms who have made a practice of making extensive investigations and have prepared complete analyses and comparisons before offering the securities to their customers find that they have been more than repaid for their cost and effort as these reports have had a tremendous educational value. Questions are asked today in relation to various offerings which never would have occurred to purchasers a few years ago.

As an example, old customers and new prospects today bring up the subject of price range over a period of years, its relation to asking price and earning power of the security five years ago in comparison to present asking price and earnings. Such an analysis is sound and in many cases after taking varying conditions into consideration, it becomes quite evident that many issues are underpriced, present attractive yields at the current level and hold promise of considerable increase in market value.

We believe that some specific instances more clearly illustrate the point. Broadway Motors Building Corp. (General Motors Building) 4-6s, due 1948, sold at 69 in 1938 showing earnings 2.05 times interest charges, the high in 1942 was 60, present level approximately 50 with earnings showing interest earned about 2.31 times. Present outstanding bonds total approximately $3,644,500 as compared to $4,244,500 outstanding in 1938. Sinking funds are running heavier than they were at that time and are applicable to a smaller outstanding amount. It seems reasonable to assume that these bonds present possibilities above the current level at which they can be purchased.

Hotel St. George 1st 4s in 1938 were selling at 50 with earnings equal to only 3.70%, today at 40 the earnings are equal to 8% on the outstanding bonds, sufficient to cover the 4% fixed interest and provide about $175,000 as a sinking fund for retirement of bonds, a market stabilizing feature which did not exist in 1938 or any year since then up to the present time.

Broadway Barclay 1st 2s selling at 25 in 1938 now around 19-20 level while earning conditions have improved, is an example in the lower price group.

Hotel Lexington "Units" selling at 55 in 1938 at which time interest accumulations were unpaid and the outlook for reduction of the mortgage far remote are today about 48-50 with all interest accumulations paid, with earnings showing indication of full interest coverage and sufficient to provide $50,000 or more each six months for retirement of bonds.

Consideration is also being given to the present purchase price in its relation to equity value. A formula being used is to discount assessed valuations 40% to 50% using the resultant value as a base, and to multiply the amount of outstanding bonds by the current market price. The difference between the adjusted value of the property and this figure would be equity, giving a yard stick by which to determine whether or not the security is underpriced in relation to knockdown equity value.

Stewart & King To Be Hicks-Price Partners

CHICAGO, ILL.—John C. Stewart, member of the Chicago Stock Exchange, and Thomas E. King will become partners in Hicks & Price, 231 South La Salle Street, members of the New York and Chicago Stock Exchanges, as of today. Messrs. Stewart and King were formerly partners in Hixon, Stewart & King.

R. V. Klein Co. Is Formed In Newark

NEWARK, N. J.—R. V. Klein Co., with offices in the Griffith Building, 605 Broad Street, has been formed as of today by Rudolph V. Klein, sole proprietor, to conduct a general over-the-counter securities business. Associated with him are William N. Portnoy, sales manager, and Henry Rosenfeld, cashier.

Both Mr. Klein and Mr. Portnoy were formerly connected with the M. F. Klein Co. of 170 Broadway, New York; the former, who is a brother of M. F. Klein, as general manager, and the latter as sales manager.

The new firm's telephone number in Newark is MItchell 2-4144.

Home Insurance Study

The study of the Home Insurance Company compiled by Butler-Huff & Company of California, 210 West Seventh Street, Los Angeles, Calif., which discussed its history, position and outlook, prepared from the viewpoint of the investor in its capital stock, has proved so popular that a second edition is planned for distribution next spring after the company's 1942 statement is released.

A few copies of the first edition are still available and may be had without charge from Butler-Huff & Company.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

NEW YORK CITY—**Eugene H. de Bronkart**, formerly with John Nickerson & Co., is now with **Amott, Baker & Co. Incorporated**, 150 Broadway.

NEW YORK, N. Y. — **John J. Fagan, John E. Haase, Anthony G. Raffo** and **Harold T. Sweeny**, all formerly with Winthrop, Whitehouse & Co., have become associated with **A. M. Kidder & Co.**, 1 Wall Street.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**Eben S. Martin** has been added to the staff of **Dodge Securities Corp.**, Terminal Tower.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**Frank L. Walker** is now connected with **Merrill Lynch, Pierce, Fenner & Beane**, 216 Superior Ave., N. E. Mr. Walker was formerly with Borton & Borton, Inc., P. E. Kline, Inc., and prior thereto with Jackson & Curtis and Merrill, Turben & Co.

(Special to The Financial Chronicle)

ROCK ISLAND, ILL.—**Nat E. Geismar**, previously with Morris Geismar & Co., has become affiliated with **Straus Securities Company**, 135 South La Salle Street, Chicago.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Robert M. B. Tidd** has become associated with **Edward D. Jones & Co.**, 705 Olive Street. Mr. Tidd was formerly an investment counselor.

(Special to The Financial Chronicle)

TOLEDO, OHIO — **George E. Chapin** has joined the staff of **Ryan, Sutherland & Co.**, Ohio Building. Mr. Chapin was formerly with Vercoe & Co. and B. J. Van Ingen & Co. Prior thereto he had been with Stranahan, Harris & Co. for 10 years.

Ransom Edwards With Newborg Trading Dept.

Ransom R. Edwards, formerly with Katz Bros. as Manager of the Trading Department, is now associated with Newborg & Co., members of the New York Stock Exchange, in the firm's unlisted Trading Department, where he will continue to specialize in aviation, industrial and railroad securities.

Ransom R. Edwards

Mr. Edwards, who has been in Wall Street for 14 years, is widely known not only in New York but also in many cities all over the country by brokers and dealers with whom he trades. Prior to his association with Katz Bros., Mr. Edwards was connected with Kobbe, Gearhart & Co., Inc., D. J. McMillen & Co. and Hammonds & Co.

In his present position with Newborg & Co., Mr. Edwards can offer his clients exceptionally comprehensive brokerage and trading facilities, as Newborg & Co., founded in 1900, with offices at 30 Broad Street, New York, holds memberships in 16 security and commodity exchanges. These memberships include: New York Stock Exchange, New York Curb Exchange, Baltimore, Boston, Chicago, Philadelphia, Pittsburgh and Salt Lake Stock Exchanges, New York Cocoa, New York Coffee & Sugar, New York Cotton, New York Mercantile, New York Produce, Chicago Mercantile and Commodity Exchanges, as well as the Chicago Board of Trade.

Mr. Edwards' new telephone number is HAnover 2-6540, and the teletype number is NY 1-2972.

Glen A. Darfler Now With Kneeland & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Glen A. Darfler has become associated with Kneeland & Co., Inc., Board of Trade Building. Mr. Darfler was formerly an officer and manager of the trading department of Alexander & Co., Inc.

Edward Crone To Head L. M. Marks Mun. Dept.

Edward A. Crone has become associated with Laurence M. Marks & Co., 49 Wall Street, Members of the New York Stock Exchange and other leading Exchanges, as manager of the firm's municipal department. Mr. Crone has been continuously engaged in the municipal bond business for 20 years. Starting with White, Weld & Co. in 1922, he later served for five years as an officer of Chase Securities Corp., and subsequently as an officer of the bond department of the Chase National Bank. For the past four years he has been manager of the municipal department of Riter & Co.

Hartley Rogers Will Form Investment Co.

Hartley Rogers is forming Hartley Rogers & Co. with offices at 120 Broadway, New York City, to engage in the securities business. Mr. Rogers has been a partner in Craigmyle, Rogers & Co., Rogers, Torrey & Cohu, and Hartley Rogers, Lyon & Co. Prior thereto for many years he was head of Hartley Rogers & Co., Inc., New York and Pacific Coast investment house.

Richardson Rejoins Vasconcells, Hicks

(Special to The Financial Chronicle)

DENVER, COLO. — Allan S. Richardson has rejoined the staff of Vasconcells, Hicks & Co., Security Building. Mr. Richardson was recently with Sullivan and Company. Prior thereto he was Vice-President of Vasconcells, Hicks & Co.

R. J. Powelson With Smith, Barney & Co.

Smith, Barney & Co., 14 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges, announce that Ralph J. Powelson is now associated with them in their municipal bond department. Mr. Powelson was formerly an officer of Tripp & Co., Inc. In the past he was in charge of the trading department of the New York office of Kelley, Richardson & Co.

Tomorrow's Markets Walter Whyte Says—

Market inability to advance on sustained volume—leader sluggishness—no good news—indicates nearby top. Advise profits acceptance.

By WALTER WHYTE

So another week has gone over the dam. The market in its inimitable way managed to crawl up a little more. Volume even increased, a condition which gave rise to new bursts of optimism from those in the business. For without volume the average broker might as well stay home and read the funnies as expect to make any important money by coming to the office.

* * *

But if the market went up it didn't get its impetus from any startling news developments. On the contrary we seem to be in the midst of a period of flowery oratory all aimed to either wake us up from what some speechmakers call our "complacency" or lull us to sleep again with their "assurances" that Japan for one cannot start a new offensive ". . . she's all gorged up like a boa constrictor."

* * *

Back on the home front, specifically Washington, the city of the Big Wind, Congress is having itself an old fashioned kaffee-klatch. Glittering generalities fly about Capitol Hill like shuttlecocks in fast badminton games. No Congress would take orders from the President. No Siree! They'd show him who is a rubber stamp. Of course the gentlemen of the farm bloc are entirely different. They are solid, respectable Statesmen who know what's what. And what if the farm lobby makes "suggestions"? They're good suggestions, aren't they? Certainly better than such a silly idea that a little word like "parity" should stand in the way of a little more money.

* * *

Meanwhile the market has advanced a little more. An advance, as mentioned above, which has given impetus to new hopes. But hopes are one thing. Realizations, unfortunately, are another. For if there is any medium which looks realistically at present and possible future events and tries to interpret them it is the stock market.

* * *

Up to last Saturday volume for the week—day by day—was one of the best seen this year. Beginning Monday of this week volume dropped off again.

* * *

Last week I wrote the market action was the best in a long time. Up to last night I still believed it. But little signs are now cropping up which make me hesitant. Anybody who follows stock prices through averages knows the 110 (DJ) industrial level marks the beginning of a resistance zone. Last week I said the market action indicated a possibility that the next important stop would be across 112. This opinion was advanced in the belief that by this writing the 110 figure would have been penetrated. Well, it has not. The best figure to date was 109.98.

* * *

Inability to penetrate at this time would not be an indication of a turnabout if it weren't for the fact that more and more individual stocks are beginning to back away from their highs. Not only do they back away but violate previous day's lows in too many instances to make the immediate outlook comfortable.

* * *

Summing it up in a few words: the market is beginning to show top signs. That being the case it would be politic for the trader to once again become reacquainted with cash rather than with pretty colorful stock certificates, or formal little notes stating ". . . . we have this day bought for your account and risk. . . ."

* * *

You still hold positions in the following: Air Reduction bought at 30. Half profits were advised at 35 or better. It's now about 35¼. That gives you about 5 points gross profit. Take it and stop the rest at 33.

* * *

Allis Chalmers bought at 23. Half profits advised at 27

(Continued on page 1166)

RAILROAD SECURITIES

The Administration's revived anti-inflation drive got off to an inauspicious start last week when the non-operating railroad unions filed notice of a demand for a wage increase of 20 cents an hour and establishing a minimum wage of 70 cents an hour. On an over-all basis it has been estimated that the increase of 20 cents an hour would mean a raise of 25% in the pay of non-operating personnel and add 16% to 18% to the carriers' payrolls. In actual practice, however, the proposal would mean much more than a 25% increase in the pay of individual groups if the 70 cent minimum were applied. For example, it is estimated that the average hourly pay of section hands on some of the Southern roads last year amounted to less than 45 cents. Even allowing for the fact that the 1941 average did not include a full 12 months operation at current wage rates, a 70 cent minimum would involve an increase of well over 25%.

If the recent anti-inflation program outlined by the Administration may be taken seriously, it is obvious that this most recent step by labor would carry little, if any, threat. Last fall when the previous increase in wages was granted it was based on the rise in living costs that had taken place during the year. It is now apparently claimed that the higher wages finally agreed on (incidentally they were better than the original award recommended by the Fact Finding Board) did not even compensate for the increase in the cost of living that had already occurred, and it is pointed out that general price levels are now even higher. This attitude would hardly seem compatible with the action of the War Labor Board in the principles set out in the Little Steel formula, allowing a wage increase of 15% above Jan. 1, 1941, levels to compensate for the rise in the cost of living.

The following figures, as published by Standard & Poor's, are significant, showing the increase in hourly earnings of various classes of rail labor from January, 1941, to June, 1942. Classes receiving less than the yard-stick increase of 15% are very modestly below that figure. In asking for the new increase it is obvious that railroad labor considers itself immune to Government admonitions that the entire Nation must recognize the necessity for a lower standard of living if the war is to be won and the dangers of inflation minimized.

*Hourly Earnings

	January 1941	June 1942	Rise
Professional, clerical and general	$0.696	$0.784	12.6%
Maintenance of way and structures	0.525	0.606	15.4
Maintenance of equipment and stores	0.698	0.796	14.0
Transportation (other than train, engine and yard)	0.635	0.729	14.8
Transportation (yardmasters, switch tenders & hostlers)	0.635	0.843	32.7
Transportation (train & engine service)	0.745	1.000	34.2

*Straight time paid for.

The most favorable consideration in the present request for an increase is that the matter will presumably not come up for final consideration until after election even though the unions are attempting to short circuit the cumbersome machinery set up in the Railway Labor Act. In most quarters it is believed that there will be a notable stiffening in the whole attitude of the Government towards pressure groups once the elections are out of the way. Also, it appears doubtful if the Administration will be able to get very far on its plan to control farm prices unless similar action is taken with respect to wages.

It may be taken for granted that regardless of the outcome of control programs any increase granted rail labor at this time would be substantially below the original request. Furthermore, there would be no question as to the ability of the roads as a whole, or the individual roads separately, to continue profitable operations even under the burden of the requested wage increase, so long as the war boom lasts. The increase would, however, carry highly unfavorable implications over the long term. There would be a serious question as to the ability of most of the marginal roads to continue carrying the burden once traffic returned to normal. Also, the imposition of additional expenses at this time would reduce by an equivalent amount the funds the marginal roads now have available for debt retirement programs. Therefore, it is generally expected that the greatest market impact would be on the speculative bonds of the still solvent roads. This has already been apparent in a shading or withdrawing of bids even though no sizable liquidating wave has hit the market. Active liquidation would be expected to accompany any sign that the wage increase might actually be granted, even in part.

On the other hand, it seems possible that the general run of reorganization liens would not be subject to any heavy selling. A large part of the speculative interest in this group is based on approach to reorganization, the level of war rather than post-war earnings, and the substantial interest payments expected during the war period. Earnings levels are now so high and cash accounts so thoroughly rehabilitated that even a sharp wage increase would not be calculated to interrupt the trend of large interest payments.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—43⅛; low—14¾; Sept. 30 price—41⅞.

Interesting Situation

Brown Co. 5s, due 1959, offer interesting possibilities, according to a circular issued by Charles King & Co., 61 Broadway, New York City, from whom copies may be had upon request.

Bank and Insurance Stocks

This Week—Insurance Stocks

Diversification is one of the oldest and most generally accepted principles of investment. However, it is not always practised as religiously and as scientifically as it should be. In fact, every so often there arises a school of thought—usually immature—which endeavors to demonstrate that diversification is obsolete, unnecessary or simply sheer laziness. This kind of philosophy may hold water during certain periods, when skies are clear and the direction of the prevailing winds is clearly discernible. However, it usually comes to grief as soon as a major disturbance occurs—and the present situation is an outstanding illustration of that fact.

The war economy which is daily becoming a more integral part of American life is one of the most far reaching upheavals in modern history. Countless businesses are being torn up by the roots and either drafted for war service or put out of commission entirely. For most citizens, it is impossible to anticipate what the morrow will bring forth. In other words, every business and every individual must proceed more or less on a hand to mouth basis. Normal planning is being superseded by the exigencies of the war effort.

From an investment standpoint, these conditions mean that no one can foresee where the lightning may strike next. Orthodox analytical procedure is of little avail. The only refuge is diversification and fortunate indeed is the business which is in a position to permit of some measure of diversification. Few are the industries which still occupy such an enviable position and, of those, the insurance business is one of the most singularly blessed.

A well run insurance company, particularly in the fire and casualty fields, is pretty close to the last word in diversification. This applies both to its underwriting coverage and its investment policy. Few people appreciate the mathematical precision and the scientific discrimination which go into the operation of an insurance company. The foundation of insurance is the Law of Averages—and that is one law that can never be repealed. The most successful insurance companies are those that have conducted their affairs, year in and year out, in accordance with that principle. They have recognized the fallibility of human judgment and have sought to eliminate it, as much as possible, from their operations.

In the underwriting end, for example, it is possible to gamble in a big way on certain lines or types of business which are constantly available to any company. The recent situation in regard to Ocean Marine coverage is an excellent illustration of the abnormal profits which can sometimes be secured, if all goes well, and the very serious losses which also may be suffered when the reverse happens. Ordinarily, most of the top flight companies try to avoid placing themselves in such a position. It has proved to be the better part of wisdom to limit the underwriting "exposure" so that no catastrophe or unexpected turn of events will result in serious damage.

Fire underwriters, for example, learned the valuable lesson of wide distribution of risks in the San Francisco fire and other similar conflagrations. Today the risks of most leading companies are spread over all the 48 States and in thousands of different towns. Not only is it the practice to restrict the exposure in any one city or locality, but many companies go so far as to seek the widest possible geographical distribution. The wisdom of such a course has been demonstrated many times in recent years. Adverse weather conditions (such as hurricanes) may strike almost any section of the country at various times—but no one knows when or where. Sometimes it will be the Atlantic Seaboard, sometimes the Gulf Coast, sometimes inland through the Middle West, sometimes in the Great Lakes area, sometimes on the Pacific Coast.

These so-called Acts of God cannot be provided against by the mind of man except through a policy of diversification. Thus, it has been proved again and again that the best underwriting experience, over long periods, is shown by the companies with a maximum of territorial distribution. It also follows that diversification among different industries and classes of people is important. Many businesses cannot do this because of the limitations which they have. For example, a shipbuilder can build ships and not much else. An airplane manufacturer or a machine tool company, etc., may make only one line or general type of product and perhaps today has only one customer, namely Uncle Sam. Even a tobacco company or a biscuit company or the supplier of any limited type of service or commodity does not enjoy a great deal of diversification under present conditions.

Not so the insurance business because it serves all industries and all classes of people. If some of its customers are being injured by the war economy, others are having a period of prosperity. Likewise, when the war boom ends, the insurance business will not be faced with the predicament which so many businesses will have of converting back to peacetime pursuits again or of going out of business entirely. It does not—and will not—have the problems of over-expanded plant and equipment, of obsolescence, of technological changes, of shifts in population and other kindred maladjustments which are now being aggravated by the war and which will be repeated, in reverse, when peace comes again.

Similarly, an insurance company enjoys unusual advantages in the flexibility and diversification of its assets. Most fire and casualty companies own a broad list of bonds and stocks representing hundreds of different localities and industries. Neither storm, nor snow, nor gloom of night—nothing short of a complete collapse of our economic system and of America itself—can do irreparable damage to companies of this kind. Their position is at least more permanent and more secure than the general run of enterprises, many of which have a very limited scope and whose tenure of life hangs by a very slim thread.

This is certainly one of the least favorable times in our economic history to attempt to put "all of one's eggs in one basket" because no amount of watching will guarantee a satisfactory outcome. Insurance stock investors, however, can at least enjoy relative peace of mind, secure in the knowledge that their investment is neither a war casualty nor a "war baby." Furthermore, through the widest possible diversification, they have about all the protection anyone can expect to secure in this vale of economic tears.

International Series, New Trust, Offered

National Securities & Research Corp., sponsors of National Securities Series, which includes "Bond Series," "Low-Priced Bond Series," "Preferred Stock Series," "Income Series," and "Low-Priced Common Stock Series," announces that it is offering today shares of International Series, a new series in this group. International Series is an open-end investment trust. The initial offering price is $12 per share.

Henry J. Simonson, President of National Securities & Research Corp., says that it is the current intention to invest approximately 60% of the assets in the obligations of foreign governments, approximately 15% in bonds of foreign and domestic corporations, and the remaining 25% in common stocks of domestic corporations.

Securities comprising the initial portfolio of International Series include:

Foreign Government and Municipal Bonds—	% of Portfolio
Australia (Commonwealth of) extl. s. f. 5s, 1957	4.95
Canada (Dominion of) 12-year refunding 4s, 1945	1.74
Queensland, Australia (State of), s. f. gold 6s, 1947	4.98
Saskatchewan (Province of), Canada, gold 5½s, 1946	4.97
Sydney, New South Wales, Australia, external s. f. 5½s, 1955	4.96
United Kingdom of Great Britain and Northern Ireland 4s, 1990, ref. 4s, 1960-1990	4.89
Denmark (Kingdom of) extl. s. f. gold 4½s, 1962	4.75
Norway (Kingdom of) 20-yr. extl. s. f. 4½s, 1956	4.78
Brazil (United States of) extl. s. f. (1926) 6½s, 1957	1.24
Brazil (United States of) extl. s. f. 8s, 1941	3.29
Chilean Consolidated Municipal Loan extl. s. f. assented A 7s, 1960	4.92
Colombia (Republic of) extl. s. f. 3s, 1970	3.62
Costa Rica (Republic of) 7s, 1951	2.59
Dominican Republic extd. customs admin. 2nd ser. & s. f. 5½s, 1969	2.83
Rio de Janeiro (City of), Brazil, extl. s. f. 8s, 1946	3.68
Uruguay (Republic of) extl. s. f. 4-4⅛s, 1979	2.20
Corporate Bonds—	
American & Foreign Power Co., Inc., debenture 5s, 2030	4.35
Canadian Pacific Ry. perpetual debenture 4s	1.44
Consolidated Electric & Gas Co. coll. trust A 6s, 1962	4.95
International Telephone & Telegraph Corp. debenture 5s, 1955	4.87
Common Stocks—	
Briggs Manufacturing Co.	3.69
General Motors Corp.	1.51
Hershey Chocolate Corp.	2.95
Holland Furnace Co.	1.99
Inland Steel Co.	2.47
International Harvester Co.	1.92
Pan American Airways Corp.	1.48
Smith (L. C.) & Corona Typewriters, Inc.	2.04
Standard Oil Co. (New Jersey)	1.57
United Fruit Co.	2.15
Woolworth (F. W.) Co.	2.23

Insured Investment For Investors And Trustees

The United Building & Loan Association, 519 Garrison Avenue, Fort Smith, Ark., will be glad to send investors, trustees, and other fiduciaries interested in learning more about insured Federal Savings & Loan investments full particulars. Current dividend rate of 4% per annum.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1165)

or better. Stock can't seem to get across 25. Current price about 24½. I suggest holding, but keep stop at 23.

* * *

Crane bought at 12 is still there. Hold, but stop at 11.

* * *

International Harvester bought at 43 with a half profit price of 50 advised is now at 48¾. I'm afraid it will not make the 50 price on this move so suggest taking half profits at market (about 3¾ points) and stopping the rest at 45.

* * *

Pittston Co. bought at 1¾ managed to get up to 2⅞ but is now back to 2¼. On next rally to across 2⅝, I advise taking profit. Though for long pull holders the fundamentals have merit.

* * *

The last stock in our list is Union Carbide bought at 59. You were advised to take half profits at 70 or better, and hold the rest with a stop at 66. Stock crossed 70, backed off to 68 and is now at 72¼. With market conditions being what I think they are I now advise disposing of the rest of Union Carbide at the market. All these trades show you actual gross profits of about 23 points, which, considering everything isn't so bad.

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

The Securities Salesman's Corner

COMMUNISTS IN THE SEC???

Last week the Dies Committee again reported to the press that a number of employees high up in Government agencies were either communists or members of communist front organizations. LISTED AMONG THIS GROUP WAS AN EXECUTIVE OF THE SEC.

Although the name of the accused individual has already appeared among those listed by the Committee, we do not believe it to be "fair play" to give any further publicity here to these charges against this person. No case against any one should be decided in the papers. (While on this subject, perhaps the SEC could profitably learn this lesson, instead of issuing its press releases against individuals and firms, when these charges of law violation are still a matter of unproven fact.)

After all, who can say that the individual, under censure by the Dies Committee, is a communist, or harbors communist sympathies, until he has had a chance to give his side of the story? Either this party harbors communist sympathies, and gives evidence of his antagonism toward the things that make up capitalism and the American way of life — or he doesn't. If he does hold anti-American and anti-capitalistic opinions, he should be fired immediately from his present position with the SEC. If not, public retraction of this unfortunate accusation should be made as soon as possible.

There may be some who will disagree with these opinions. Others might hold that it doesn't make much difference if we have a communist or two working for the SEC. In other words, why "make a tempest in a teapot"?

First of all, the SEC is a regulatory body. It is the policeman of our business. It is our judge and our jury. Accordingly, the SEC should certainly be above reproach regarding the fairness, the impartiality, and the absence of bias with which it reaches its decisions. If those in the financial field should ever become convinced that communists are connected with the SEC, they surely could not be held up to blame and criticism if they were to lose confidence in the actions and the decisions of the Commission.

Recently, Mr. Purcell, Chairman of the Commission, made several speeches wherein he attested to the spirit of cooperation and friendship which now exists between the Commission and the securities industry. In order for this condition to continue, it is imperative that the Commission retain the confidence of the investment business. This slur on the personnel of the Commission should be cleared up immediately. The Commission expects Wall Street to be blameless in its relations with the public. It is not too much for Wall Street to expect the Commission to be likewise free from criticism in the selection of its personnel. Those of us who are in the securities business don't like communists — and we don't trust them either.

Brazilian Cotton, Coffee

Brazilian cotton production in 1941-1942 is estimated at considerably less than in the previous crop year, according to advices to the Department of Commerce made available Sept. 22, which said:

"The stabilizing influence of Government loan measures, however, has caused prices to continue firm.

"Shipping space for coffee is very difficult to obtain, and cannot be contracted for until the local exporter is informed that the United States importer has been granted an import permit. Only small amounts of coffee of the old crop are reaching ports from the interior. Regulations for the new crop have not yet been issued."

Colyer, Robinson & Co. Discontinue For Duration

Colyer, Robinson & Co., Inc., 1180 Raymond Boulevard, Newark, N. J., announce that they have discontinued business for the duration of the war, as of Sept. 30.

Capt. Robinson is stationed at Army Air Base at Walla Walla, Wash. He is now spending a week at the firm's Newark office.

Labor Unions Are Prospering

An important Washington weekly points out in the current issue that "the CIO has moved its Washington headquarters into the building that used to house the Republican National Committee." This removal, we take it, is pure coincidence and does not particularly symbolize any profound shift of power in our national political life. However, it is interesting to note that this war period has brought great prosperity to American labor unions.

Income from dues going to our labor unions, of course, is tax free. In 1941 it is estimated the collection of dues totaled $140,000,000 and this year will approach $145,000,000. Three of the CIO unions: United Steel Workers, United Automobile Workers and United Mine Workers, are each reputed to collect from their membership from $5,000,000 to $6,000,000 annually. And other unions, both CIO and AFL, are becoming financially strong; the "locals" (which keep the larger part of the dues collected) as well as the parent state and national organizations.

Union expenses on the other hand during the current period are probably subnormal. For both the CIO and the AFL have agreed to eliminate strikes as a weapon and to maintain labor peace and as a consequence wealth is piling up as expenses are reduced.

It would appear, therefore, that the unions are going to come out of this war exceedingly "well heeled," thoroughly equipped to hold up their end should any important strikes develop. Perhaps, too, one of these days all of our unions will be agreeable to publishing income statements and balance sheets since these will reflect a prosperous condition. For up to now one of the reasons unions have been reluctant to publish balance sheets has been their desire to keep from employers any knowledge of a slim financial condition. Obviously if a union has had a lean treasury, it was not particularly desirous of having the fact publicized and known to employer groups.—*RALPH E. SAMUELS & CO.*

Hanson & Hanson Enjoined

A temporary injunction has been issued against Hanson & Hanson, New York brokerage firm, Arnold R. Hanson, S. Welmer Hanson, partners in the firm and John W. Hession, specialist salesman, for the firm until his discharge last June, in connection with a suit begun by the New York State Attorney General in Supreme Court to put the concern out of business on charges that it had rigged the market in a bond issue of the Wisconsin Central Railroad. The charges must be answered in court by the defendants on Oct. 9.

According to the Attorney General's office the three defendants ran the market price of defaulted bonds of the Superior & Duluth Division of the Wisconsin Central from 12½ in February to a high of 35 in June by circulating false tips—thereby bringing themselves a profit of over $25,000. The bonds broke on the New York Stock Exchange from 34 to 18 on June 30 when a Canadian Pacific Railway executive denied the tips, leaving two investment trusts and at least 40 investors with losses that might aggregate $70,000, the Attorney General's office declared.

Max Furman, Assistant Attorney General, told the court that Hession began circulating rumors that the Canadian Pacific Railway, the parent company of the Wisconsin Central, would buy up the defaulted bonds at prices that rose, as his campaign progressed, from 25 to 65. Meanwhile the brokerage firm was buying the bonds on the New York Stock Exchange and selling them over-the-counter to investment trusts, individual customers and even other brokers, Mr. Furman stated.

Hession had even declared he had attended a meeting at the Reconstruction Finance Corporation's Washington office, where Canadian Pacific officials offered to pay 65 for each bond held by four leading life insurance companies, the largest investors, Mr. Furman stated, adding that the Hansons had made Mr. Hession write and sign that statement, but had used it to sell more of the bonds. Hession afterward admitted, according to Mr. Furman, that this story was fictitious but that all his tips came from a high placed informant, whom he refused to reveal. Hession is now awaiting trial for refusal to expose this informant, it was stated.

How Much Are Aircraft Stocks Worth?

The "Fortnightly Market and Business Survey" issued by E. F. Hutton & Company, 61 Broadway, New York City, members of the New York Stock Exchange, contains a most interesting discussion of the outlook for post-war earnings in the aircraft manufacturing industry, including a tabulation of estimated liquidating values of the common stock of nine leading manufacturers. Copies of this circular, together with a memorandum containing some interesting investment portfolio suggestions, may be had from the firm upon request.

SEC Denies Application

The application of Jack Lewis Baker of Jacksonville, Fla., for registration as an over-the-counter broker-dealer under the Securities Exchange Act of 1934 was denied by the Securities and Exchange Commission. According to the findings of the Commission, Mr. Baker had been convicted of a felony within the last ten years involving the purchase and sale of securities while acting as a salesman in transactions which showed a "flagrant disregard of established standards of fairness and good conduct."

Judson & Co. To Be NYSE Member

The firm of Judson & Co., 60 Beaver Street, New York City, members of the New York Produce Exchange, will acquire membership in the New York Stock Exchange with the acquisition by Kenneth G. Judson of the Exchange membership of Jeremiah R. Morris. Transfer of the membership will be considered by the Exchange on Oct. 8.

Investment Trusts

Investment Company Briefs

"Possessor Quiz" is the intriguing title of a little sales booklet just out on Fundamental Investors. Thirty war quiz questions are directed at the "possessor" of capital funds—i.e., a savings account or bank deposits, life insurance or an annuity, real estate or mortgages, investments in stocks or bonds. They are tough questions and will certainly emphasize to the "possessor" just what a tough problem he is up against today.

The booklet goes on from this point to describe the advantages of mutual funds in meeting the problems of "possessors." Although mutual funds as such are generously included in the discussion, the real punch line is to be found in the paragraph describing a chart showing the comparative record of 20 prominent mutuals during the past 10 years. The record of each company in the chart is shown by a horizontal "percentage increase" bar and the companies are numbered from 1 to 20 in the order of their performance with no identification of the individual companies.

The punch line referred to is as follows: "Company No. 1 produced for its shareholders an overall gain of 104.1%—the increase in asset value per share plus dividends paid. This leading 'Mutual' — Fundamental Investors, Inc., and its management, are described in the following pages." A nice record and one that is well presented in "Possessor Quiz."

* * * *

National Securities & Research Corp. in the Sept. 24 issue of "Investment Timing" points out that in the first half of 1942 earnings and dividends of industrials and utilities declined whereas railroad earnings and dividends increased. In all groups the fluctuations in dividends were not as great as the changes in earnings. The earnings of Class I railroads in the first half of 1942 were 70% higher than a year before, and their dividends rose 10%. In the same period industrials showed a 35% decline in earnings and a 14% dividend decline. Earnings of electric utilities were down 25% and their dividends were 9½% lower.

With respect to its Sept. 10 forecast of a downward intermediate trend of stock prices, this service states candidly, "the action of the market this week has demonstrated that our selling advice . . . was at worst, definitely bad; at best, premature." After further analysis of the market's immediate position, however, the service concludes not to "reverse our bearish position."

A new prospectus on First Mutual Trust Fund (dated Aug. 1, 1942), together with a memorandum listing "15 High-Spots" of the Fund, is currently being distributed to dealers.

* * * *

"How To Develop Constructive Investment Business" is an unadorned booklet with enough tested sales ideas in it to make the most discouraged merchandiser of securities sit up and take notice. Published by the Keystone Corp. of Boston, this booklet contains some of the secrets which have resulted in that sponsor's outstanding record of over $11,500,000 in

sales so far this year. If you aren't on Keystone's regular mailing list, we suggest that you write direct to 50 Congress Street, Boston for a copy.

* * * *

The September issue of Chemical Fund's "Test Tube" delves into the prospects surrounding synthetic rubber.

"The surest statement that can be made about rubber at this time," says the bulletin, "is that no matter how you stretch it, the United States and the United Nations have very little on hand to cover a very big demand. It is for this reason that an entirely new chemical industry of gigantic size is being created to produce synthetic rubber."

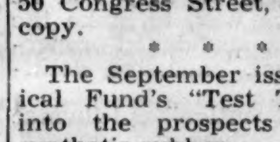
After discussing the various aspects of the problem, the bulletin concludes, "As there are many companies active and a variety of processes involved, it is difficult for a private investor to participate to a full extent in the synthetic rubber industry; an informed and diversified selection appears important."

* * * *

"How Much Inflation?" asks the Mid-September issue of Hugh W. Long & Co.'s "New York Letter." While the bulletin does not attempt to give the answer, it does state the following conviction.

"Securities have not been rationed nor have we heard any serious proposal that they should be. Studies of current prices of many stocks in relation to their

(Continued on page 1169)



Municipal News & Notes

The "ostrich policy" of merely restoring tax delinquent land to the tax rolls must be abandoned by municipal fiscal officers if they wish to prevent property tax delinquency—on the wane at present—from getting the upper hand again after the war, a study just issued by Public Administration Service, said.

In place of the "ostrich policy," which considers only the tax-producing possibilities of land, the finance officers must follow a program of collaboration on solving the problem with city planners, housing officials and other governmental departments, according to the study by A. M. Hillhouse, municipal finance authority.

Tax delinquency, the study said, is bound up inextricably with uncontrolled land use, slums and blight, poor building codes, inadequate municipal services and cumbersome legal procedures for clearing tax titles.

To solve these interlocked problems, the study recommended that cities set up corrective laws and machinery now, so they will be able, after the war, to make the best use of tax-abandoned properties and check excessive delinquency.

On the "preventive" end finance officers can reduce delinquency, the study said, by creating a bureau of delinquent tax collections, adopting vigorous collection policies and streamlining available tax-foreclosure measures. But to overcome blight, decentralization and uncontrolled subdivision platting—"the great evils undermining the property tax system of our central cities"—measures must be taken in cooperation with other municipal agencies. Among the steps are the following:

State statutes must be passed and city ordinances enacted to bring into being modern city planning organizations; master plans harmonized with county, regional and State plans; zoning ordinances revamped and new building codes passed in line with developments in modern architecture.

Plans must be drawn for the complete rehabilitation of blighted areas within cities with the aid of private capital; cities must be given the power to build up land reserves from the properties they acquire by tax reversion; and municipal services must be improved to prevent decentralization.

Finally, the real property tax system must be modernized to make the tax burden more equitable and more bearable.

No easy obstacle to overcome, the study said, is the fact that various groups interested in land "talk different languages." To the realtor, chief causes of tax delinquency are exorbitant tax rates and a city hall unwilling to cut assessments rapidly in depression times. The finance officer thinks about how to catch those who seek to "escape" their share of the tax burden. The city planner, in turn, talks rehabilitation of slum areas, new street patterns and housing.

These groups "move and live in different worlds, and must be brought together to promote the best long-run interests of the city," the study said.

San Francisco To Sell $7,950,000 Bonds

The Board of Supervisors' Finance Committee recently agreed to sell $7,950,000 Market Street Railway purchase revenue bonds after Nov. 3, providing the project is approved by the voters at the election on that date. In a meeting with representatives of bond houses, the supervisors stipulated, however, that firms interested in the proposed issue furnish the city with an estimate of interest charges on the bonds and the probable unified railway fare not later than Oct. 21.

"The people should know," said Supervisor MacPhee, "what the interest charges and fare will be in advance of the election."

MacPhee was named Chairman of a committee, which includes bonding house representatives, to work out details of the sale. The committee is expected to select an "outside" engineer to check on estimates of revenue and expenses under railway consolidation.

The bonds would be more marketable outside the State, according to the bondsmen, if a nationally recognized engineering authority verifies conclusions reached in the reports already submitted.

MacPhee, who proposed an advance sale of the bonds so as to definitely tie up a bonding firm to a definite interest rate under favorable market conditions, said he was willing to make "concessions" in order to establish harmony and encourage every possible bid for the bonds.

By resolution, the Supervisors a week ago asked for submission of bond proposals not later than October 13 with the purpose of selecting the best bid. Bonding firms claimed that the city would not be able to get a bonafide bid at a fair price from anyone except a banking institution large enough to take the bonds for their own accounts.

Oklahoma Governor Urges Debt Reduction

Governor Phillips recently proposed that the commissioners of the land office request the next session of the State legislature to use approximately $5,500,000 of the general fund surplus to retire outstanding funding bonds.

Phillips pointed out that at the beginning of the present fiscal year, July 1, the State had a surplus in the general revenue fund of more than $6,000,000. He said the State has a total bonded indebtedness of $36,736,835 by reason of funding bonds issued by the State in 1913, 1935, 1939 and 1941.

From present indications, he said, revenues of the State will be ample to produce enough to pay all sums appropriated for the present fiscal year and provide an additional surplus.

The present State debt could be reduced by appropriate legislation authorizing and directing the payment of the State funding bonds now owned by the commissioners of the land office in the sum of $5,466,054.

Action on the Phillips resolution was delayed after the request of A. L. Crable, State Superintendent, who said he thought the proposal should be considered when all members of the School Land Commission were in attendance.

Cuyahoga County Debt At 14-Year Low

The above county's gross bonded debt is now the lowest in 14 years and the net debt is lower than at any time since 1929, it was disclosed in a report recently released by County Auditor John A. Zangerle.

Termed the best financial standing since the boom days of the pre-depression era, the county's current gross bonded debt of $34,580,200, according to the report, is $11,445,050, or more than 25%, under the record high figure of $46,025,250 which was reached in January, 1933.

Moreover, the report stated, the county slashed its total outstanding indebtedness to the lowest level since January, 1928, when the total stood at $26,343,755.

Zangerle, in releasing the special survey prepared by his deputies, said that "still better" was the picture of the county's net bonded debt—that is, the gross bonded debt less self-liquidating bonds and note issued in anticipation of special assessment collections.

The county's net bonded debt as of today, he pointed out, is $16,465,792, or 31% under the record high of $23,810,943, which was on the books in January, 1933.

"Actually," he said, "the net debt is lower now than it has been at the close of any year since 1929, when it was $14,760,006."

Coincident with the reduction in both types of debts, the average rate of interest on outstanding bonds, it was disclosed, declined steadily to its present current rate of 1.75%, the lowest rate on record. In the pre-depression years this rate was about 4.48%, and at one time in the 1920s it was 6% flat.

While ascribing the "excellent condition" of the county's finances in part to the good work of county officials, the county auditor frankly admitted that the reductions also represented to a large degree the taxpayers' policy of halting financing of permanent county improvements in the depression years.

States Held Losing By Renegotiation

Renegotiation of war contracts is costing State governments millions of dollars in State corporation taxes, it was charged recently by John D. Hawley, Jr., President of the Northern Pump Co. of Minneapolis, in telegrams sent to the Governors and Treasurers of all States and to all Senators and Congressmen.

Mr. Hawley, who had previously volunteered to reduce his salary to $25,000 a year, said these funds which would have gone to the State treasuries, are being seized by the renegotiation boards and given to the United States Treasury. He stated that these boards bring tremendous pressure on manufacturers to make adjustments and giving funds to the renegotiation boards immediately before filling out their income taxes.

State tax boards, it is charged, being unfamiliar with renegotiation, have been accepting Federal tax returns as the basis for State income tax returns and no State legislation permitting a manufacturer to make a "horse trade" with the boards depriving the State of corporation income taxes.

Federal Bill Would Shield Certain Local Bonds

Senator Claude Pepper (D., Fla), recently introduced a bill to permit State and local governments to tax private property acquired by the Federal Governmen where the taxes are needed to retire bond issues.

Reduction In Local Government Units Urged

Reduction of 90% in the number of local governmental units for the sake of administrative efficiency and economy in local government was suggested recently in a report published by Public Administrative Service.

Such a drastic reorganization would reduce the number of local units of government from 165,000 to 17,800, according to the report, written by William Anderson, professor of political science, University of Minnesota.

In making his suggestion, Mr. Anderson took into account that government is a "human" organization whose form is not easily changed. Also, he said, while many people believe there should be a reduction in government units, few agree on what the ideal number would be and little research has been done toward a standard of population and size.

The 17,800 units, according to the report, would be distributed as follows: 200 city-county units, with a central city of at least 60,000 population; 2,100 rural and semi-rural counties; 15,000 incorporated places; 500 miscellaneous units. The average State then would have about 370 units instead of nearly 3,500.

This reorganization would result in only a single layer of government for more than three-fourths of the people and a two-layer system for less than a fourth. At present a large part of the nation is under four or five-layer government, ranging from special districts to State and Federal levels.

City-county types of unit would prevail in main urban centers, handling all functions of city, county and school districts, under the plan. In rural and semi-rural areas, the county would be the main unit for performing services of State-wide importance, including education and rural local services. Many counties would be consolidated to enable them to supply services more effectively.

Townships in most midwestern and several Middle Atlantic States would cease to exist as important governing units, though they might continue to administer elections, etc. New England townships, which are more like cities and villages, would be consolidated where practical but would continue present governmental functions.

School districts and practically all other special districts also would disappear. Schools would be administered by counties, cities and larger towns and villages, under State control and supervision. Special districts might still be used in metropolitan areas where larger units are needed for certain purposes, and for federations of counties in maintaining expensive sanatoriums or similar services.

If such a reorganization of local governments were brought about, the study said, principal changes would be necessary only in States west from New York to Montana, the Dakotas, Nebraska, Kansas and Missouri. New England, the South and the far West would have much less pruning to do, although for most changes State legislatures would probably have to take action first.

New Jersey Municipal Costs Expand

The State Taxpayer's Association, in a recent report, asserted that operating costs of New Jersey municipalities increased $2,433,325 this year to a grand aggregate of $109,056,446.

"This condition serves," the report said, "as a danger sign that neither municipal officials nor citizens could afford to ignore in normal times and certainly not during the emergency when war imposes severe strain upon taxpaying resources. It emphasizes the necessity for slashing deeply non-essential spending in home government for the duration."

Operating expenditures are described as particularly important factors in local government because, once increased it is difficult to reduce. Such costs, the report points out, represent a continuing burden upon taxpayers while other expenditures, such as those for debt service, follow a downward trend as the obligation is met.

Calif. To Buy More Treasury Bonds

The State government of California, deep in debt only a year ago, is planning to invest an additional $10,000,000 of surplus cash in United States Treasury bonds.

Finance Director George Killion requested State Treasurer Charles G. Johnson to join with him in declaring the $10,000,000 as "surplus money," to make it immediately available for the contemplated investment.

The State has purchased $20,000,000 worth of Government securities since May 1 in line, Killion said, with a policy of putting "every dollar in surplus funds" into Treasury bonds as a reserve against future needs.

In place of a deficit of $34,000,000 a year ago, the State now has a surplus officially estimated on Aug. 31 as $42,288,000, largest in its history.

Three States Enact Motor Fuel Tax Laws

Though motor fuel tax revenues of the States will suffer generally because of gasoline rationing, three States—Virginia, Mississippi and South Carolina—will secure some new revenue through 1942 fuel tax legislation on out-of-State purchases, the Federation of Tax Administrators reports in a survey just released.

Under Virginia's new statute all motor carriers must buy within the State as much fuel as they use in the State or pay to the State treasury an amount equal to taxes they would have paid if their fuel was bought in the State. Only State-licensed carriers formerly were required to do this.

A 1942 amendment in Mississippi imposes a tax of six cents a gallon on all gasoline used within the State on which the Mississippi tax has not been paid. The use tax, applying to all commercial carriers and persons transporting their own property for business purposes, is due when the carrier enters the State, though the Motor Vehicle Commissioner may authorize monthly reports and payments.

Motor fuel other than gasoline, such as Diesel oil, is taxed to the user under a new South Carolina law, and if a dealer sells these special fuels to a State resident or out-of-State operator without a use fuel permit, he becomes liable for the tax himself.

Altogether, seven States made changes in their motor fuel tax laws this year, according to the survey.

Besides the use tax laws these included, mainly, refund provisions. Kentucky made eligible for refund motor fuel used in aircraft in interstate commerce, and Virginia granted refund of two cents a gallon on gasoline purchased in the State and used by planes in

flights over the State, with full refund for plane flights outside the State.

Rhode Island abolished refunds of motor fuel taxes except those on interstate sales and sales to the Federal Government, removing the privilege for commercial fishermen, lumbermen, farmers and certain others. Mississippi amended its refund law to demand a daily statement of the use of refund gasoline. Virginia relaxed the 60-day limit on ordinary refund claims, and added a law permitting tax refunds on motor fuel consumed by vehicles carrying machines for spraying fruit trees and plants.

Among other motor fuel legislation of 1942 was the New York act extending emergency taxes of two cents a gallon on motor fuel sold up to June 30, 1943.

N. Y. Towns To Operate On Budget System Soon

All towns of New York State not already operating fiscal affairs under a budget system are slated this month to put into effect, under provision of the town law as amended by the 1941 Legislature, a system whereby each fiscal year will be preceded by filing with the town clerk an estimate of the needs for the year and estimated revenues.

Preparing town officials for the budget plan system, Frank C. Moore, Executive Secretary of the Association of Towns of New York State, arranged for a conference of town and county clerks, county attorneys and clerks of the boards of supervisors of the State in Syracuse September 9.

To assist local officials, the Association of Towns of the State of New York also put out a 90-page booklet, "The Town Budget System," which covers in detail all of the requirements of the law. It shows how to prepare the budgets, duties of the officers, preparation of individual officers' estimates of expenditures and ends with 28 questions and answers on the chief changes of the town law.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over—short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

(Ed. Note—Very few municipal bond issues of major size are scheduled for award in the near future. With expenditures for local improvements held to bare necessities by the demands of war-time policies, the prospect naturally is that for some time to come the amount of new issues coming to market will be small.

October 1

$705,000 Muskingum Watershed Conserv. Dist., Ohio

This district sold an issue in Sept., 1940, to Merrill, Turben & Co., and McDonald, Coolidge & Co., both of Cincinnati, jointly. Stranahan, Harris & Co., Inc., and associates, came out second best.

Investment Trusts

(Continued from page 1167)

probable earnings and dividends suggest strongly that they are bargains even if the inflationary process were to stop dead on Oct. 1. And it will not.

* * * * *

Hare's, Ltd. is out with a new and extensive report on "Aviation Progress and Prospects." Sales and earnings figures on leading companies for the past three years are given. The industry is believed to present the investor with both an opportunity and a problem.

"America has only begun to fly. "The potential development of the aviation industry over the next few decades challenges the imagination. It offers opportunities for the investor, though with pitfalls that must be avoided. . . . The industry will expand and prosper, but individual corporate units will disappear and change."

* * * * *

In connection with a message to shareholders of Affiliated Fund, the latest issue of "Abstracts" points out the significance of the Fund's now well-advanced policy of working toward a fully-invested position.

"The pendulum is nearing the end of its deflationary arc, and we are convinced that the period ahead will be more satisfactory and profitable for the dealers in as well as the owners of good American securities."

* * * * *

The Sept. 24 issue of Calvin Bullock's "Bulletin" quotes the magazine "Exchange" on investment trends in college endowment funds.

"The general trend is toward a decrease in holdings of bonds and mortgages, and increases in preferred stocks, common stocks and real estate. At June 30, 1941 holdings of common stocks by endowments of 120 institutions amounted to 24.8% of the aggregate value of the funds.

"More pronounced was the trend toward equity investments by endowment funds exceeding $15,000,000. The average of eight of these funds had lifted common stock holdings from 17.4% in mid-1937 to 30.9% in mid-1941. From mid-1938 to mid-1941 bond holdings were decreased by over 10%."

The September issue of "Perspective" contains its usual scholarly and thorough-going report—this time on "The Chemical Industry Under War Conditions." It is suggested that interested readers write to Calvin Bullock, 1 Wall Street, New York, for copies of this report.

* * * * *

An interesting analysis of the "inflation gap" based on recent Department of Commerce data is contained in the September issue of the "Broad Street Letter." In the second quarter of 1942 this gap was calculated at an annual rate of $13.7 billion.

The bulletin points out that while much of these funds will be diverted into even larger purchases of Government bonds, many investors may seek to balance their Government holdings by the purchase of well selected equity securities.

* * * * *

The Sept. 19 issue of "Brevits" gives considerable space to the recent re-affirmation by Standard & Poor's of their prediction last June that the next major movement in equity security prices would be upward. Comments by the advisory service in re-affirming its prediction are quoted at length.

Massachusetts Investors Second Fund reports an increase in net asset value per share to $7.30 on Aug. 31, 1942 compared with $6.85 at the close of the preceding quarter. Net assets based on market values as of Aug. 31 amounted to $6,621,609, available for the 905,455 shares outstanding; against $6,150,365 for the 897,932 shares outstanding on May 31, 1942.

* * * * *

Dividends

Affiliated Fund, Inc.—A quarterly dividend of 3c per share payable Oct. 15, to stockholders of record Sept. 30, 1942.

* * * * *

Broad Street Investing Corp.—A quarterly distribution of 25c per share payable Oct. 1, to stockholders of record Sept. 18, 1942.

* * * * *

Fundamental Investors, Inc.—Quarterly dividend No. 35 amounting to 20c per share payable Oct. 15, to stockholders of record Sept. 29, 1942.

* * * * *

General Investors Trust—A quarterly dividend of 6c per share payable Oct. 20, to stock of record Sept. 30, 1942.

* * * * *

Manhattan Bond Fund, Inc.—Ordinary distribution No. 17 amounting to 11c per share and an extraordinary distribution amounting to 2c per share payable Oct. 15, to stock of record Oct. 5, 1942.

* * * * *

National Securities Series—Preliminary estimate of distributions to be made on Oct. 15, to stock of record Sept. 30, 1942.

Bond Series	8c
Low-priced Bond Series	9c
Preferred Stock Series	10c
Income Series	7c
Low-Priced Common Stock Series	1c
First Mutual Trust Fund	5c

Our Reporter's Report

(Continued from first page)

Here again, however, the market does not indicate any expectation of early completion, since the company's 5% bonds, which are involved, callable at 102, continue to command a premium of 2 points or more. If the financing were considered in immediate prospect, it is argued, this issue would soon adjust itself to a "money basis."

The company proposes to issue $45,000,000 of first mortgage bonds, due in 1971, along with $10,000,000 of debentures due in 1956 and 140,000 shares of new preferred. Proceeds would be applied to retirement of outstanding 5s requiring $53,170,000 and the 7% cumulative preferred stock, which is callable at $110.

Shifting Into Governments

There is a tendency on the part of banks handling trust accounts to put the latter more substantially into Government securities in the absence of more suitable opportunities in the corporate field.

This is said to be especially true in the case of such accounts having bonds with 10 years to go to maturity, where the yield has been whittled down to little better than 2%.

In many such instances the tendency is to sell out such holdings and put the resulting funds into series G Treasury bonds, where a fixed rate of interest is assured to maturity.

Building the Bulwarks

There is little reason to doubt that Secretary of the Treasury Morgenthau and members of the Federal Reserve Open Market Committee took into consideration the status of member banks in New York and Chicago in the course of their discussion of the forthcoming $4,000,000,000 war loan.

And likewise, it is almost a foregone conclusion that the Reserve Board Governors will order another reduction in the rate of reserve requirements for banks in those cities in advance of the Treasury's flotation.

Latest figures for the New York area indicate that despite two reductions in such requirements, excess reserves of member banks are again down around the $200,000,000 level. The next cut would take the rate of requirements down to 20% as contrasted with the 26% level in force prior to the first cut put into force some weeks ago.

A Real Undertaking

Since the impending Treasury financing will be the biggest single undertaking since Fourth Liberty Loan of $6,000,000,000 in 1918, it may be expected that no stone will be left unturned to insure its success.

Secretary Morgenthau and his advisers may be counted upon to draw up a schedule that will appeal to the wisest possible circle of institutional investors.

In an operation such as this the offering is bound to be pointed toward insurance companies, banks and substantial trust funds.

Outlook For Bank Earnings Favorable

(Continued from first page)

nesses will be subjected to most severe income taxes which they may not have the money to pay. Due to increased wholesale prices much more capital will be required to carry adequate inventories. Hence, many must go to the banks to borrow. Individuals will then want to cash in their war savings bonds so that the Government may also have to borrow from the banks to get the money to pay them.

"This cashing in of Government securities held by individuals will not be sufficient to replenish the coffers of such individuals or business firms. It is likely, therefore, that despite the inflation of the post-war period, much of the money supply will be frozen. Banks will experience a rather heavy demand for loans, thus permitting them to charge higher interest rates than can be thought of today. Furthermore, from fear of a decreasing value of money due to inflation, lenders will want a higher interest rate due to the increased risk involved.

"When we come to housing loans, it is likely that the present low interest rates may be a permanent feature; but for loans to merchants, we must visualize a situation when the lend-lease policy may have drained our huge surplus of most goods—not only foods. It is well to remember that the need for commercial loans arises primarily from the creation of goods and crops.

"When commercial loans shift from productive activity to inventory-holding it is usually about the end of the business boom. Therefore, lend-lease is an instrument which, in the post-war period, might cause a renewed industrial boom at high prices when most firms find their cash resources depleted.

"The outlook for banks is probably more hopeful now on such a long-term view than it ever has been since 1926. A small increase in interest rates should greatly add to a bank's profits. Hence, to bond buyers I say—avoid long-term, low yielding corporation bonds, but buy bonds maturing within five to ten years when they probably then can be exchanged for a better security paying a higher rate of interest."

American Legion Asks Capital-Labor Draft

The American Legion asked Congress on Sept. 21 for immediate legislation to conscript capital, labor, industry and agriculture, as well as the fighting manpower. This action was taken at the Legion's national convention held in Kansas City, Mo., Sept. 19-21.

Several other resolutions were adopted by the convention calling for legislation on the following matters:

Lowering of the draft age to 18 years.

Conscripting manpower for war production.

Job security for all returning from the armed services.

One year's compulsory military training for young men after the war.

Fewer deferments of young, able-bodied men in essential jobs; and no deferments at employers' requests unless substitute employees cannot be found.

Another resolution adopted by the Legionnaires expressed "complete confidence and faith" in the war leadership of President Roosevelt and denounced "strikes, lockouts, cessation of work and discrimination in employment as sabotage."

The convention also approved a resolution asking Congress to amend the Legion's charter so as permit veterans of the present war to become members of the American Legion. Another resolution urged that every effort be made to bring the nation's air power to the highest possible strength.

On the compulsory military training resolution after the war, the Legion took the position that every male before reaching the age of 22 should be trained in the armed forces for one year.

Roane Waring, Memphis utility executive, was chosen National Commander succeeding Lynn V. Stambaugh of Fargo, N. D.

Pledging the Legion's fullest support to the President in the war effort, National Commander Waring at the same time called for the protection of personal liberties and "to the end that the Government continue to function along constitutional lines."

This year's convention was small compared with previous meetings, having been attended by only about 1,500 delegates. Whether a meeting will be held next year was left for the National Executive Committee to decide.

Banks Increase Gifts To Greater N. Y. Fund

Commercial banks and trust companies in New York City have contributed $313,648 to the 1942 campaign of the Greater New York Fund, it was announced Sept. 24 by John W. Hanes, former Under-Secretary of the Treasury and General Chairman of the drive, which still is in progress. Mr. Hanes, who personally conducted the appeal to banks and trust companies, made the announcement in a report to James G. Blaine, Chairman of the Fund's Board of Directors, pointing out that the amount collected so far this year compares with $278,699, the final total from the group in last year's campaign. Mr. Hanes said that, of the amount so far collected from commercial banks and trust companies, $286,898 came from firms and $26,750 from employee groups.

Falconer In New Post

James G. Blaine, Chairman of the Board of Directors of the Greater New York Fund, has announced that Douglas P. Falconer, who has been Executive Director of the Fund since its inception in 1938, has resigned that post to become Executive Director of the United Seamen's Service. Mr. Falconer accepted the new post, Mr. Blaine said, at the request of Rear Admiral Emory S. Land, War Shipping Administrator and Chairman of the Maritime Commission, who also is Chairman of the Board of Directors of the United Seamen's Service. Mr. Falconer has taken up his new duties at the headquarters of the United Seamen's Service, 39 Broadway. The organization will provide relief, recreation and repatriation of United States merchant seamen in all parts of the world.

Guayule Acreage Raised

The Senate passed and sent to the House on Sept. 21 a bill increasing the potential guayule rubber-growing acreage from 75,000 to 500,000 acres, in the discretion of the Department of Agriculture. This action was in line with one of the recommendations contained in the Baruch rubber report to the President (referred to in these columns of Sept. 17, page 985. In calling for passage of the legislation, Senator Downey (Dem., Calif.) explained that the "yield of seeds from the guayule plant was eight times what we had anticipated, which permits a greatly expanded program." He added that "it is the desire of the Governmental agencies to take advantage of that possibility and to plant a larger acreage." Passage of the original guayule bill was noted in these columns March 12, page 1062.

UP-TOWN AFTER 3

PLAYS

"Vickie," a new farce by S. N. Herzig. Presented by Frank Mandel at the Plymouth Theatre, N. Y. With Jose Ferrer, Uta Hagen, Taylor Holmes, Margaret Matzenauer, Mildred Dunnock, Frank Conlan, Collette Lyons, Charles Halton, Evelyn Davis, Edmund Glover, Red Buttons, Lynne Carter, Del Hughes and others. Staged by Ferrer and Mandel; sets by Ernest Glover.

Almost everybody knows someone who is a member of the AWVS. And almost as many people know somebody or have themselves gone through the martyrdom of acting as a "patient" for tyros anxious to practise the mysteries of first aid. S. N. Herzig thought this knowledge had all the elements of a good farce and sat down and wrote "Vickie." The idea was a good one. The actors who interpret the characters are capable but the story itself is neither good or funny. There's a lot of room in the plot to poke good natured fun at our women folk, who in the name of Service, bandage us with tri-cornered handkerchiefs and tie splints to our legs. But "Vickie" has neither humor or wit. It is the story of a newly-married couple and their mad home life. George has to stop working on his model, vital to the war effort, whenever his wife Vickie, an active member in the AWCS (fortunately non-existent) has the urge to practise first aid, or is driven out whenever she tears through the apartment with her army. The commander of the AWCS is a dominating female relentless in her search for perfection. She quarters soldiers on the couple. She uses George's vital working plans to wrap sandwiches in. She even captures one of Washington's leading dollar-a-year men who comes to inspect the plans. She is sure he's a spy. There are other shenanigans as well. Vickie sells George's best clothes through the AWCS thrift shop. The cook quits. A new cook, a refugee concert singer, appears on the scene. The small apartment is turned into a bedlam. Soldiers dash in and out; AWCS members use the place for commando tactics; an air raid spotter who graduated from flag pole sitting handcuffs himself outside their windows. And so it goes. There are laughs but they are heavy-handed ones. The gags are seldom funny enough to fill in the gaps caused by the general confusion. The cast tries hard but even it can't carry a poor play.

MOVIES

There have been a number of movie musicals recently but the good ones are usually born in Hollywood. For some reason a good Broadway musical loses something when transposed to the screen. It may be because the Hays office frowns on some of the lines or it may be for some other reason entirely. Whatever the reason, MGM's "Panama Hattie" is an example of a good stage musical which doesn't come off in the movie version. It retains the original plot, the songs; it even has some of the original cast—Jackie Horner and "Rags" Ragland. Yet the sparkle and the spontaneity of the original is lacking. Miss Ann Sothern, a fair singer, is no Ethel Merman. Alan Mowbray, a good actor in his own right, is not as funny as was Arthur Treacher. Even "Red" Skelton works hard for his laughs but doesn't make it. The scene in the original where the three sailors meet the English butler was excruciatingly funny. In the movie it's flat. . . . If you're the parent of a high school boy you owe it to yourself to see the MGM short **"ATCA"** (American Training Corps of America). In a simple narrative form it explains why sixteen-year-old kids now take preliminary aviation courses as part of their high school curriculum. Through the experiences of an average American family—the Jones' —it tells how their young son took the course, what it teaches him and most important why the course was, and is necessary.

AROUND THE TOWN

The Glass Hat (Belmont Plaza-50th & Lexington) opened its fall show the other night. It consists of Miss Kay Penton, an alumnus of George White's Scandals, who sings effectively. The Standlers, a dance team. Joe Pafumy and Anita, another dance team, and Bill Johnson, who acts as m. c. and sings pleasantly. The hit of the show is a young man, Paul Winchell, a ventriliquist, who shortly after his appearance, had his audience howling. One of the sidelights was the presence of perennial playboy, Tommy Manville, at a ringside table. Naturally, he was called on to take a bow. For, as the m. c. inadvertently implied, if he hadn't announced his presence, Manville's evening would have been a flop, a condition disturbing to one and all, particularly the waiters who scraped and bowed Manville in and out. . . . One of the better West Side restaurants is **Leone's (239 W. 48th)**. Strictly an eating place specializing in Italian dishes, the oak-beamed restaurant is jammed. No entertainment with exception of pianist who plays tunes of yesteryear. It's a little startling to see people stop swallowing spaghetti to first hum along with the tunes and then suddenly burst into full song as they recall the words of the nostalgic tunes. Leone's good Italian cooking has a large following among the church hierarchy. Only restaurant I know of to attract clergymen in such numbers. . . . Another restaurant worth more than casual mention is Rockefeller Center's **Louis XIV.** A fine eating place, it's a favorite haunt for radio people before and after their programs. . . . **The Penthouse** has a new attraction, a Miss Sylvia St. Clair. Hailing from Paris (she says), her voice is pleasant. But it's what Miss St. Clair sings rather than how she sings that is attention getting. Her song describing the sad state of a young lady who lives in a Women's Hotel is something to hear.

OPA Increases Price Of Silver Bullion

The Office of Price Administration on Sept. 22 increased the maximum price for silver bullion, other than newly-mined domestic silver, by 9.625¢ per ounce, bringing the price to 45¢ an ounce.

A similar increase also was provided for semi-fabricated articles

Announce Program For IBA War Conference

At the War Finance Conference of the Investment Bankers Association of America to be held in New York, Oct. 19 and 20, Under Secretary of the Treasury Daniel W. Bell, officials of the Treasury's War Savings Staff, a number of Federal Reserve Bank Presidents and the executive managers of several Federal Reserve District Victory Fund Committees are scheduled to take part. These men, it was pointed out by John S. Fleek, President of the Association, in making the announcement on Sept. 30 are the ones "primarily responsible for directing the sale of Government bonds, so vital to the nation's financing of the war."

In addition, Rear Admiral Emory Scott Land, Chairman of the U. S. Maritime Commission and Administrator of the War Shipping Administration, and former Ambassador to Japan, Joseph C. Grew, are to speak, giving the investment men working on raising billions for war their appraisal of the war needs.

Under Secretary Bell is to address a dinner meeting on October 19 at the Waldorf-Astoria, climaxing an afternoon session which will be in the nature of a national sales conference on Government securities.

The other Treasury Department, War Savings Staff, and Federal Reserve officials are to participate in the afternoon program devoted to ways and means of stimulating sales of Government securities. Among the speakers will be the key men of the Victory Fund Committee organization. This is one of the vehicles for investment bankers' participation in the Treasury's financing operations and it is coordinated nationally through a committee of which Secretary of the Treasury Morgenthau is Chairman, the Presidents of the 12 Federal Reserve Banks are members and which is under the direction of George Buffington, Assistant to the Secretary.

Former Ambassador Grew, now acting as a special assistant to the Secretary of State, will also speak at the dinner meeting. Rear Admiral Land will speak at a luncheon meeting at noon on the same day.

The announcement of the program, made through the office of the Association in Chicago, said that members of the Board of Governors and of a number of committes had been asked to meet the day before the conference in order to free its program so far as possible of everything except the war financing. Other business of the Association itself will be included in two brief business sessions on the mornings of October 19 and 20.

An outline of the program, as announced, follows:

Monday, October 19

10:15 A. M. Address by President John S. Fleek, partner of Hayden, Miller & Company, Cleveland.

12:30 P. M. Luncheon meeting addressed by Rear Admiral Land, Chairman, the U. S. Maritime Commission and Administrator of the War Shipping Administration.

2:15 P. M. War Finance Conference.

Included among those participating will be:

Officials of the United States Treasury.

Representatives of the War Savings Staff of the United States Treasury.

The Presidents of several Federal Reserve Banks as members of the national Victory Fund Committee and as Chairmen of their respective District Committees.

The Executive Managers of several of the District Victory Fund Committees.

Others prominent in the Treasury's war financing.

7:45 P.M. Dinner. Speakers: Daniel W. Bell, Under Secretary of the Treasury; Joseph C. Grew, Special Assistant to the Secretary of State, former Ambassador to Japan.

Tuesday, October 20

10:30 A. M. Amendments to Constitution and By-Laws.

Election of Officers.

Address by incoming President.

The War Finance Conference is replacing the usual five-day annual convention of the Association and is being held in New York to minimize traveling for those attending. A majority of the Association's members are located in eastern financial centers and delegates who come from other sections will be urged to combine the trip with one of their regular periodic visits to the East, Mr. Fleek said.

Earlier reference to the Association's "War Finance Conference" of the Association appeared in our issue of Sept. 3, page 793.

Military Courses At N. Y. Inst. Of Finance

Believing that there is considerable interest in military and naval courses which prove of value to civilians entering the Army, Navy, Merchant Marine or home defense, the New York Institute of Finance, cooperating with the New York Stock Exchange and the Association of Stock Exchange Firms, has made plans to offer a number of such courses, open to all.

John L. Clark, President of the Association of Stock Exchange Firms, will head the Military Training Division of the Institute. Mr. Clark was an Army instructor in World War I.

A class in Celestial Navigation was commenced on Monday last. Conducted by Captain Theodore Nelson, U.S.N.R., retired, this course is offered as a refresher to individuals with previous experience who will later teach other navigation courses at the Institute.

Alfred Roelker, of the Military Training Camps Association of the United States, is assisting in the planning of a series of lectures designed to acquaint civilians with the organization and activities of the different divisions of the armed services.

A course in military instruction. based on The New Infantry Drill Regulations, is planned for October. Drills in this course will be held on the floor of the New York Stock Exchange after trading hours. It is also planned to commence classes in signaling, which will include radio, blinker and semaphore, and Army paper work, map and photo reading. There will also be a refresher course in mathematics useful to those entering Artillery, Anti-Aircraft, and related branches of the service.

Tuition fees, according to the announcement, will be scaled to meet the costs involved. The Institute invites inquiries from those interested in the program, as well as from men with military experience wishing to serve as instructors.

Directors of the New York Institute of Finance, which is located at 20 Broad Street, are Robert Cluett III and Albert P. Squier.

Boyd Appointed New York Reserve Bank Officer

Announcement was made on Sept. 24 by Allan Sproul, President of the Federal Reserve Bank of New York, that effective September 25, Harry M. Boyd, formerly Chief of the Administration and Correspondence Division of the Government Bond Department, has been appointed an officer of the Federal Reserve Bank of New York and has been assigned as Manager, Savings Bond Redemption Department.

Thompson, Davis Men Join Cruttenden & Co.

CHICAGO, ILL.—The investment business of Thompson, Davis & Phipps, Inc., 120 South La Salle Street, securities firm founded here in 1936, will be discontinued Oct. 1, 1942, and practically the entire investment personnel are to become associated with Cruttenden & Co., members New York and Chicago Stock Exchanges, 209 South La Salle Street, C. H. Thompson announced today. Thompson, Davis & Phipps, Inc. will remain in business as a manufacturing firm making tool kits under government contract under the direction of C. H. Thompson, President, and William F. Phipps, Secretary and Treasurer.

Those who will join Cruttenden & Co. include Clyde H. Andrews, formerly executive Vice President, McGraw & Co.; Ivan S. Cummings, Iowa representative; John B. Dunbar, formerly with C. F. Childs & Company and who once headed his own firm here; Earle C. Gott; Marvin C. Greener, Willard Medway and Milton L. Williams, formerly principals in Medway, Wadden & Williams here; Conrad J. Reinhard, Davenport, Ia. representative; Godfrey Reinhard, La Salle, Ill., representative; Rolland W. Schillito; A. L. Stevenson; William L. Taylor, Jr.; Earl L. Virden; and William R. Mee, Bloomington representative and formerly secretary, National Association of Security Dealers.

Cruttenden & Co. was organized here this summer as an outgrowth of Fuller, Cruttenden & Co. The present partners are Walter W. Cruttenden, Fred R. Tuerk, member New York Stock Exchange, and Lt. Kenneth S. Beall, U.S.N. In addition to its listed activities the firm maintains active trading and underwriting departments.

A. H. Aseltine Dies

Alverton H. Aseltine, a retired officer of the Chase National Bank, of New York, died on Sept. 24 in the Harkness Pavilion at Presbyterian Hospital after a short illness. Mr. Aseltine, who resided in Garden City, L. I., enjoyed a wide acquaintance among bankers throughout the United States. He retired as Second Vice-President of the Chase National on Feb. 1, 1941, and it was noted in these columns of that date (page 771) that his Wall Street connections covered a period of over 40 years. His early association was with our own publication; he joined the business staff of the "Commercial & Financial Chronicle" in 1898, traveling extensively for it during the next 15 years. Mr. Aseltine at his death was 67 years old; he was born in Oswego, N. Y., Nov. 8, 1874, of Canadian parentage, and came to New York in the late nineties after a short business experience in Kingston, Ontario. After leaving the "Chronicle" about 1913 Mr. Aseltine spent two years with the National City Co. later becoming connected with the Equitable Trust. In 1918 Mr. Aseltine joined the Chase National Bank and for more than 20 years thereafter represented the bank at conventions and group meetings of bankers in all parts of the country. He was appointed an Assistant Cashier of the Chase in 1923 and a Second Vice-President in 1930. Since his retirement in 1941 Mr. Aseltine has devoted much of his time to service with the British War Relief Society here. He also served for several months as a postal censor in the U. S. Censors' Bureau at New York.

Opens Own Office

WATERTOWN, N. Y. — Lester H. Morgan is now doing business as an individual dealer in securities from offices in the Woolworth Building. Since 1932 Mr. Morgan has been a partner in Roberts & Morgan; prior thereto he was local representative for Lee Higginson & Co.

NY Trade Bd. To Study Post War Problems

The New York Board of Trade made known under date of Sept. 26 the adoption of a complete War Program, indicating at the same time that it will undertake at once a study of Post-War Reconstruction problems. The announcement was made yesterday by Percy C. Magnus, President of the Board. It is pointed out that the work of the Board's autonomous sections is being intensified. Among the active sections of the Board are its 50-year-old Drug, Chemical and Allied Trades Section, the Insurance Group, a Securities, Commodities and Banking Section, a recently formed Latin-American Trade Section, as well as groups of Textiles, Transportation and Retail Trade. According to the announcement the program is the result of the work of a Special Committee, composed of Dr. Elvin H. Killheffer, of E. I. DuPont De Nemours & Co., Chairman; J. E. Lewis, Aetna Life Insurance Co.; E. T. T. Williams, Becton, Dickinson & Co.; William T. Van Atten, Dun and Bradstreet, Inc.; Arthur Snyder, Alfred M. Best Co., Inc.; Harold M. Altshul, Ketchum & Co., Inc.; Edwin M. Otterbourg, General Counsel of the New York Board of Trade. From the announcement we also quote:

"There is being set up a 'War Committee of the New York Board of Trade' consisting of seven directors. This War Committee will arrange for the immediate appointment of the following five subcommittees:

"1. War Defense Committee to aid in the defense of civilian life and property.

"2. War Business Committee to aid in assuring a continuity of New York City business and business activities consistent with the war effort.

"3. War Employment Committee to aid in the continuity of employment in New York City consistent with the war effort.

"4. War Port Committee to aid in the development and continued full use of the Port of New York, and all of its facilities.

"5. War Finance Committee to aid in maintaining and establishing New York City as a self-sustaining municipality."

The report points out that New York City buys from 30% to 63% of each issue of Federal securities. The city contributes annually between 20% and 25% of the entire income tax collected in the nation. The Committee concludes: "Whatever Helps New York—Helps the Nation, and Whatever Hurts New York—Hurts the Nation."

As a second part of the program, the Board will set up a Committee on Post-War Reconstruction. From the report: "Business and industry in the United States are far too complacent about it (Post-War Reconstruction). This is understandable because the first job is to win the war, but after we win there will remain the biggest job of reconstruction ever faced. It will be too late to begin thinking about it the same day we want to start rebuilding, nor is it safe to rely upon others for all the thinking and planning. It is still less safe to be unconcerned as to the plans of others."

A Committee on Government Finance will continue the work of studying this broad problem, including taxation and the implications of the Lend-Lease Program.

Noting that changing conditions may require changing programs, the Committee recommended, and the directors approved, the appointment of a permanent Committee on Program, which will keep the Board's work adjusted to new conditions as they arise.

Commenting on the program Mr. Magnus said:

"This report received the enthusiastic approval of the directors of our Board and is being put into action. The committees are being set up to carry out the work. In this way the Board is reflecting the desires of all American business, namely—to win the war for democracy, and to preserve democratic institutions in the Post-War era."

Tin Quotas Widened To Increase Output

The International Tin Committee, which has regulated most of the world's output of this metal under a seven-nation agreement, on Sept. 28 virtually opened the production floodgates for countries still under United Nations' control, according to Associated Press London advices, which further said:

"The Committee, in a gesture to preserve its machinery for post-war control, set export quotas for the remaining major areas under its control at 105% of agreed tonnages until further notice, continuing the percentage now in effect.

"But it said the quota would be adjusted 'if any territory should be able to exceed this amount.'

"The concession applies to Bolivia, the Belgian Congo and Nigeria, whose pre-war permissible annual exports were 46,490 tons, 13,330 tons and 10,980 tons, respectively.

"Malaya, with 71,940 tons, the Netherlands East Indies with 36,330 tons, Siam with 18,000 tons and French Indo-China with 3,000 tons annually, are all in Japanese hands.

"The four signatories to the present agreement are Belgium, Bolivia, the United Kingdom and the Netherlands.

"United Kingdom production has been around 1,500 tons annually, but since the start of the war efforts have been made to revive the tin mining industry in Cornwall, with an ultimate goal of 10,000 tons annually.

"Stocks in hands of the United Nations were held in reserve until mid-1941, but war demands since have been such that everything possible must be done to make the sources remaining fill the gap caused by Japanese conquests."

Nation-Wide Speed Limit; Gas Ration November 1

A nation-wide speed limit of 35 miles an hour for the country's 27,000,000 passenger cars becomes effective today (Oct. 1) in accordance with an order issued by Joseph B. Eastman, Director of the Office of Defense Transportation. Enforcement of the speed limit will be up to State officials. The order goes into effect Oct. 15 for trucks and buses operated on regular schedules over regular routes.

In another move designed to conserve rubber tires, Price Administrator Leon Henderson announced on Sept. 26 that nation-wide gasoline rationing and compulsory tire inspection would be instituted about Nov. 22. The tire inspection will be required every 60 days to insure their proper care. Both these moves are part of the program to limit the annual mileage of automobiles to necessary driving, as was recommended by the President's Rubber Survey Committee (referred to in these columns Sept. 17, page 985).

Mr. Henderson said that the gasoline rationing program will be merged with tire rationing into a single program. He also stated that compliance with the 35-mile-an-hour speed limit will be a basic requirement for obtaining both tire and gasoline rations.

The Price Administrator estimated that, on the basis of the gasoline rationing plan now in effect in 17 Eastern States, the use of private cars will be reduced an average of 60% from normal by nation-wide rationing. A basic allowance of slightly under four gallons a week will be granted motorists.

Explains Deductible Advertising Expenses

Guy T. Helvering, Commissioner of Internal Revenue, issued on Sept. 29 an official statement of the policy of the Bureau of Internal Revenue regarding the deduction of advertising expenses for tax purposes. The Commissioner amplified public statements on the same subject previously made by Secretary Morgenthau before the Joint Congressional Committee on Internal Revenue Taxation on May 28, 1942, and by the Bureau itself in correspondence with the Association of National Advertisers, Inc. According to the Commissioner, advertising expenditures to be deductible "must be ordinary and necessary and bear a reasonable relation to the business activities in which the enterprise is engaged." Indicating that no definite rule can be laid down in advance so as to fit all situations and all classes of taxpayers, Mr. Helvering says that "in determining whether the amounts are reasonable it is necessary to take into consideration all the facts and circumstances in each particular case."

Among other things, Mr. Helvering says:

"Reasonable expenses incurred by companies in advertising and advertising technique to speed the war effort among their own employees, and to cut down accidents and unnecessary absences and inefficiency, will be allowed as deductions."

Commissioner Helvering's statement in full follows:

"To be deductible, advertising expenditures must be ordinary and necessary and bear a reasonable relation to the business activities in which the enterprise is engaged. The Bureau recognizes that advertising is a necessary and legitimate business expense so long as it is not carried to an unreasonable extent or does not become an attempt to avoid proper tax payments.

"The Bureau realizes that it may be necessary for taxpayers now engaged in war production to maintain, through advertising, their trade names and the knowledge of the quality of their products and goodwill built up over past years, so that when they return to peace-time production their names and the quality of their products will be known to the public.

"In determining whether such expenditures are allowable, cognizance will be taken of (1) the size of the business, (2) the amount of prior advertising budgets, (3) the public patronage reasonably to be expected in the future, (4) the increased cost of the elements entering into the total of advertising expenditures, (5) the introduction of new products and added lines, and (6) buying habits necessitated by war restrictions, by priorities, and by the unavailability of many of the raw materials formerly fabricated into the advertised products.

"Reasonable expenses incurred by companies in advertising and advertising technique to speed the war effort among their own employees, and to cut down accidents and unnecessary absences and inefficiency, will be allowed as deductions. Also reasonable expenditures for advertisements, including the promotion of Government objectives in wartime, such as conservation, salvage or the sale of War Bonds, which are signed by the advertiser, will be deductible provided they are reasonable and are not made in an attempt to avoid proper taxation.

"It is the statutory responsibility of the Bureau to determine and collect Federal taxes, among which are the income and excess profits taxes, and to prevent abuses and attempts to avoid the high tax rates to which business will be subject under the proposed tax bill now before Congress.

"No definite rule for determining what is reasonable in the case of expenditures for advertising can be laid down in advance so as to fit all situations and all classes of taxpayers. In determining whether the amounts are reasonable it is necessary to take into consideration all the facts and circumstances in each particular case.

"The Bureau will consider applications for individual rulings. It is, however, busy with an unusual volume of work, and it is believed that if taxpayers will keep in mind the foregoing general rules, individual rulings will not be necessary except under most unusual circumstances."

Demand Repeal Of Silver Purchase Acts

Measures seeking to repeal the two so-called silver purchase acts of 1934 and 1939 were introduced in the House on Sept. 17 by Representative Celler (Dem., N. Y.). The Silver Purchase Act of 1934 requires the Treasury to continue the buying of silver for the purpose of getting and keeping one-fourth of the country's combined stocks of gold and silver in the form of silver, and the act of July 6, 1939, requires the Treasury Department to buy all domestically produced silver at 71.111 cents an ounce.

Declaring that the country's annual silver production is 70,000,000 ounces "far more than is necessary to meet the needs of defense and normal industries," Mr. Celler said that because of the silver laws none of the domestic output is available to industry but "must be bought up by the government and buried." He termed the burial of some 1,361,000,000 ounces of sorely-needed silver at West Point "asinine and scandalous."

In his statement pertaining to the silver situation, Representative Celler said:

"It is the result of the machinations of the formidable Silver States, notably Idaho, Montana, Utah, Arizona, Colorado, and Nevada. Some little silver is mined in California, New Mexico and Texas, but the deadly combine is as stated above. The conspirators have gone so far as to cut off foreign silver supply. To meet the dreadful need growing out of the war effort the War Production Board has even gone so far as to prohibit the use of imported silver except by special authorization. Extreme restrictions are placed upon silver manufacturers as to the use of foreign silver on their hands. They can only use a tiny portion and the balance will have to be disposed of as the War Production Board demands.

"Jewelry manufacturers, silversmiths, and fabricators of civilian articles are in dire need of silver. They face the prospect of being forced out of business despite the fact that 1,361,000,000 ounces are 'free' but buried."

Representative Celler added that the war effort demands that the entire silver question "be pushed out into the open," and advocated repeal of the silver purchase acts in order to enable "those industries in the need of silver to compete fairly with the Government for its purchase."

A similar bill seeking the release of some of the "free" silver to silver-using industries converting to war work was introduced in the Senate on Sept. 14 by Senator Green (Dem., R. I.); referred to in our Sept. 17 issue, page 994.

Senator McCarran (Dem., Neb.), leader of the silver bloc, conferred with silver Senators and War Production Board officials on Sept. 18 and said the Senators agreed unanimously to oppose any change in silver legislation and the Green bill in particular. He also reported that the WPB was not interested in the Green measure because it would divert Treasury silver from war industries. Senator McCarran disclosed on Sept. 19 that he plans to introduce legislation increasing the legal silver purchase price from 71.1 cents to $1.29 a fine ounce to increase production.

Following introduction of the Celler bills, Western Representatives charged that Eastern bankers were seeking to revise the monetary system and promised a united front against the bills.

The Treasury and WPB recently issued an announcement regarding the disposition of "free" silver.

OPA Begins Work On Retailer Assistance

Price Administrator Leon Henderson announced on Sept. 22 that a "retailer assistance" program is being formulated so that retailers may reduce deliveries and eliminate "frills" from their operations as a means of lowering the cost of doing business under OPA ceilings. To this end a committee of retailers from all parts of the country met in Washington with OPA's Retail Trade and Services Division and Industry Council on Sept. 29 and 30 to assist in development of the program. Representatives of the Department of Commerce and of the Office of Defense Transportation also attended.

The meeting was held to consider the development of regulations dealing with the elimination or curtailment of certain non-essential retail services. Among other things, the meeting discussed the extent to which stores should be allowed to reduce deliveries; to reject returns of merchandise; to restrict free toll telephone service and telephone orders calling for the delivery of small purchases, and to limit so-called "lay-aways"—that is, the holding of goods on small deposit for delivery weeks or months in the future.

In his announcement of Sept. 22 Mr. Henderson said:

"A war economy has no room for business frills and furbelows. The years preceding 1939 were years in which customers were hard to get and various business-attracting services came into being in many retail stores. Such things as same-day delivery service, liberal credit terms, goods on approval, c. o. d. service on small purchases, pick-up of returns, became common practice in both large and small stores to induce more public buying.

"Today the picture has changed. We are at war. Time and many materials are short. Retailers are experiencing numerous difficulties and are operating under price ceilings that make control of costs a real, live problem.

"The General Maximum Price Regulation requires retailers to continue to offer the same services that they did in March—the base month for ceiling prices. The reason for this provision is obvious—it is intended to prevent hidden price increases that result when customers are compelled to pay extra for things formerly given free. This basic reason still holds. OPA does not intend to relieve retailers from continuing to supply essential services if they have done so in the past.

"However, there are many services given by stores which are not essential; in fact, are not even desirable under war-time conditions. It is these superficial services — holdovers from pre-war days—that can and should be eliminated. The buying public does not expect their continuance; the Government does not want it.

"OPA has been working on this problem for some time. Private discussions have taken place with small groups in the merchandising field and sufficient basic information has been accumulated to permit work to begin on a definite 'retailer assistance' program."

Home Fuel Oil Users To Receive About 66 2-3% Of Normal Supply—Five Heating Periods Fixed

The Office of Price Administration, through Paul M. O'Leary, Deputy Administrator, on Sept. 25 announced that users of home heating oil will have to get along on the average, with about two-thirds of their normal fuel supply unless they convert their furnaces to coal. "The coupon rationing plan," Mr. O'Leary said, "is going to be geared to an estimated overall average cut of 33⅓% of normal consumption. We found that the 25% cut, originally planned, would not be sufficient to provide an adequate margin of safety and still meet the fuel shortage."

"On the basis of last year's consumption," Mr. O'Leary asserted, "the cut will be somewhat smaller since last winter was unusually warm — according to the Weather Bureau statistics, about 10% warmer than normal. So a cut of 33⅓% of normal is the equivalent of a 26% reduction in last year's consumption.

"We cannot predict what kind of weather is ahead of us this winter, but we believe it safer to plan for a normal season rather than a warm one like the last. We must remember too that it was not unusually warm in all areas last winter; in some places it was actually much colder than normal, and the degree of departure from normal varied greatly.

"Therefore, it seems not only safe, but also fair that we compute the ration on the basis of a normal winter in every section of the rationed area. To do this we have studied Weather Bureau statistics covering many years in scores of localities. On the basis of this study we have concluded that in order to make the limited supply of fuel oil go around there must be a cut of 33⅓% from normal consumption."

Mr. O'Leary warned that householders who can't heat their homes comfortably on two-thirds of the amount of fuel normally used, should convert to coal if at all possible.

Complete denial of rations of fuel oil for heating in apartment houses, and commercial, industrial and institutional establishments which possess the facilities to convert their furnaces to coal, was announced on Sept. 20 by Mr. O'Leary, who said that a large proportion of buildings, all heavy users of fuel oil, including apartment houses, office buildings and manufacturing plants, have furnaces that can be easily converted to coal. "The desperateness of the fuel oil situation demands that they do so," he stated.

Mr. O'Leary added that commercial, industrial and institutional establishments will be required to report on the convertibility of their oil furnaces when they register for rations of fuel oil. Rationing boards, it was pointed out, will have the benefit of advice from heating experts in determining if such establishments should be denied rations.

In no event, whether it be a private home or a large manufacturing plant, will any establishment be eligible for a fuel oil ration if a new oil burner or equipment converting the furnace from other fuels to fuel oil has been installed since June 1, 1942.

Other types of uses for which rations will be denied regardless of their convertibility include coal spraying equipment and other users to the extent to which standby facilities that use fuels other than oil are usable. For example, some commercial establishments have coal boilers idle or in operation only part time since installation of new oil-burning equipment.

Rations for large buildings that cannot convert will be set differently from those for private homes. The heat loss formula based on floor area will not be applied. Instead the ration will be a percentage of last year's consumption with adjustments made to take into consideration degree days. In most cases, the curtailment under rationing will probably be at least as great as that in private homes.

Exceptions will be made for hospitals where a severe cut might present serious health hazards.

Divided Into Four Zones

The Office of Price Administration announced on Sept. 19 that because of wide disparities in climate the rationed area has been divided into four thermal, or heat zones. In addition numerous subzones are being established to provide for ration adjustments in localities where the climate has been found to be unusual.

Zone boundaries, Joel Dean, Fuel Rationing Chief, explained, were established after a careful study of United States Weather Bureau reports covering the last 43 years. From these reports OPA heating engineers found out the number of degree days that are normal for each region.

"Degree days" is a measurement of intensity and duration of the heating season. The degree figure for a locality is the average number of days in the heating season there multiplied by the number of degrees of heat required to raise the temperature of a house from the average outside temperature to the 65 degree level to be allowed under fuel oil rationing.

Wherever possible State lines have been followed in setting up the thermal zones. However, because the climate varies extensively in certain States, the zone lines cut through some States and follow county lines.

OPA announced the four zones as follows:

Zone A — Maine, New Hampshire, Vermont, 15 counties in northern New York, Michigan, Wisconsin, Minnesota, North Dakota, South Dakota, and northern part of Iowa.

Zone B—Massachusetts, Rhode Island, Connecticut, New York (except upper 15 counties), Pennsylvania, New Jersey, Nebraska, and parts of Ohio, Indiana, Illinois, Iowa, Kansas and Missouri.

Zone C — Delaware, Maryland, Virginia, West Virginia, District of Columbia, Kentucky, lower parts of Ohio and Indiana, and Illinois, Missouri, and Kansas.

Zone D—North Carolina, South Carolina, Georgia, Florida east of the Apalachicola River.

Applications for rations will be made on a blank on which the householder has given the board detailed information about his fuel oil needs. Among the most important information will be the number of square feet of heating space in the house. To do this the applicant must measure the length and width of each room to be heated, then compute the total number of square feet. He may include halls, closets, and other occupied areas, except attics, porches and basements unless they are used as sleeping quarters.

The application blanks will be made available to consumers through their dealers, OPA announced. Dealers, in distributing the forms to their customers will be expected to fill in, on the basis of records in their offices, information about the quantity of fuel oil which the customers purchased last year. The amount of fuel used last year will be one of the factors determining the size of the ration.

Five Periods Adopted

The heating season in the 17 Eastern Seaboard States and the 13 Midwestern States, where the fuel oil rationing plan will go into effect on Oct. 1, will be divided into five periods so that home consumers of heating oil can budget their rations accurately, the OPA made known on Sept. 28. Any fuel on hand at Oct. 1 or purchased thereafter will be part of a householder's ration.

Coupons numbered from one to five will be issued for the specific periods and will be valid only within those periods, OPA said. However, provision for advance use of coupons will be made to meet the needs arising from unusually cold spells.

When fuel-oil users apply for their basic ration they will be asked to state the number of gallons of fuel they had in their tanks on Oct. 1. Coupons equivalent to that gallonage will be torn from the ration sheet by the local war price and rationing board before the ration is issued. The minimum inventory deduction will be 250 gallons in all cases where the users' capacity is in excess of that amount, unless the user shows he was unable to fill his tank up to 275 gallons.

For any fuel oil purchases made after Oct. 1 the customer must agree to turn over to his dealer coupons for the amount of the purchase as soon as the ration is issued.

The basic ration takes account of the average temperature in each community and is distributed according to the normal variation of degree-days over the heating season. The area to be rationed has been divided into four zones.

However, since the ration is issued in advance for the entire year, it cannot provide for unusual weather conditions. Therefore, a means of adjusting the ration to meet any departure from normal temperatures must be established. While such adjustment is possible by varying the gallonage value of the coupon unit, the variation cannot be made accurately in anticipation of cold spells. Adjustment will have to be made in the period immediately following the unusual cold weather. Thus, if Period 1 is bitterly cold the unit value of coupons for Period 2 will be increased.

The plan takes into consideration, however, that this delayed adjustment might result in depletion of consumers' supplies during an unusually cold period. To meet this situation, an advanced use of coupons numbered for the subsequent period will be permitted during the last part of a given period. Thus the shock of an unusually cold Period 1, for example, will be taken up by borrowing coupons from Period 2.

Provision for delayed use of the coupons will permit ration holders to use Period 1 coupons for a certain number of days in Period 2. This overlap will aid dealers in making deliveries of economical size and allow them more time to fill all consumer tanks at the end of a period.

Tentative expiration dates of periods in the four zones follow:

Zone A—Period 1, Nov. 29; Period 2, Jan. 6; Period 3, Feb. 8; Period 4, March 17; Period 5, Sept. 30.

Zone B—Period 1, Dec. 2; Period 2, Jan. 5; Period 3, Feb. 6; Period 4, March 12; Period 5, Sept. 30.

Zone C—Period 1, Dec. 3; Period 2, Jan. 4; Period 3, Feb. 2; Period 4, March 6; Period 5, Sept. 30.

Zone D—Period 1, Dec. 5; Period 2, Jan. 2; Period 3, Feb. 5; Period 4, March 6; Period 5, Sept. 30.

(See also article in "The Commercial and Financial Chronicle" of Sept. 17, page 983.

W. W. Crabb Co-Manager Of du Pont Newark Office

NEWARK, N. J. — William W. Crabb, associated with Finch, Wilson & Co., members of the New York Stock Exchange, for the past twenty years, has been appointed co-manager of the Newark office of Francis I. du Pont & Co., 728 Broad Street.

To Test Ration-Bank Plan In Albany Area

A ration-banking plan to facilitate and safeguard the handling of ration coupons in trade channels after use by the consumer, has been devised for nation-wide use by the Office of Price Administration and will be tested first for a six-week period in the Albany-Schenectady-Troy, N. Y., area beginning within a month, it was announced on Sept. 24.

In making the announcement, Price Administrator Leon Henderson said the plan contemplates use of all the State and national bank and clearing house facilities of the nation. The announcement added in part:

"It has been worked out by the OPA with the cooperation and approval of leading bankers, the Federal Reserve Board, Comptroller of the Currency, and the Federal Deposit Insurance Corp., and bears the approval of the Superintendent of Banking of New York State. Mr. Henderson said test of the plan hase been made possible by the whole-hearted cooperation of William R. White, the New York State Banking Superintendent, and the bankers of the test area.

"Nation-wide operation of the plan, Mr. Henderson said, will remove from the local War Price and Rationing Boards the tremendouse burden of counting and clearing the hundreds of millions of rationing stamps now coming into their hands each month under sugar rationing, and gasoline rationing in the East, and will facilitate the operation of all future rationing programs requiring use of coupons. He said it will prove of great value to business men who now frequently have to wait in line at their ration board offices to turn in their coupons.

"The ration-banking plan provides for the deposit of ration coupons just as currency is deposited in the bank by business men, with subsequent transactions handled by checks. The consumer's use of the coupons is in no way affected, the control starting, in the case of sugar coupons, with the retailer, and in the case of gasoline, with the wholesaler. Cost of the services rendered by the banks will be borne by the OPA."

In a letter presenting a complete draft of the plan to the Federal Reserve Board, the Comptroller of the Currency, the Federal Deposit Insurance Corp., and the New York State Superintendent of Banking, Mr. Henderson asserted that an improvement over the present system of handling is necessary to the success of the whole rationing program.

Mr. Henderson also said:

"In the operation of the gasoline and sugar rationing programs, ration stamps are allotted to consumers who transfer them to retailers when making purchases. The retailer, in turn, is required to deliver to his supplier the appropriate number of stamps whenever he takes delivery of rationed merchandise. These stamps or their equivalent move upward through the trade as the merchandise moves downward.

"Each month 130,000,000 sugar stamps are put into circulation, and, on th eastern seaboard, 150,-000,000 gasoline coupons. Obviously, we have had to construct facilities for exchanging small for large denomination ration paper in order to avoid the unmanageable bulk of paper which would otherwise result within the trade.

"Presently, this mechanical task of making exchanges is being handled by the Local War Price and Rationing Boards. In the past months, however, the work of these local boards has increased greatly, and will continue to increase. The result is a growing amount of inconvenience to merchants who find that frequently they must wait in line when they visit a local board to exchange stamps for ration paper of higher unit value. An easier system of exchange is essential so that the quantity of paper transferred from trader to trader may be handled accurately, and that a large bulk of ration currency, which is negotiable, need not be kept on the premises with the risk of loss or theft or be counted and recounted on each transfer. We are also anxious to relieve the local boards of as much mechanical work as possible, to permit them to concentrate on the performance of their administrative functions.

"With these ideas in mind, we have outlined a 'ration banking' plan, similar to that now in use in England. The plan provides for the transfer of ration credits through ration bank accounts in a manner similar to that in which money credits are transferred by check. Details have been discussed with members of your organization, who have made valuable suggestions."

ODT To Inventory Tires On Commercial Vehicles

Applications for Certificates of War Necessity under General Order ODT No. 21 will provide the Office of Defense Transportation with a complete inventory of all tires now on the wheels of the country's more than 5,000,000 nonmilitary commercial vehicles or held for the use of such vehicles. The ODT announcement Sept. 25 said:

"In applying for a Certificate of War Necessity, every operator must report the number and condition of all tires in his possession by sizes or size groups, including both new and used tires.

"In addition, the operator must list the mileage of tires, by sizes, which were removed from service, in 1941, exclusive of retreaded or recapped tires, thus giving the ODT a definite gauge on normal consumption of new tires by commercial vehicles.

"One type of application blank will be mailed to operators of one or two vehicles; another to fleet operators — those operating more than two vehicles. Mailing of the application blanks, together with detailed instructions on how to fill them out and other relevant data, is to begin shortly.

"The application blanks, which will be accompanied also by self-addressed envelopes for their return, will be mailed from the ODT's central mailing office at Detroit. As the mailing is completed in a given area, all counties covered will be announced.

"Any operator of a truck, bus, taxicab, jitney, ambulance, hearse or vehicle available for public rental who resides in any such county and who has not received his application blank when this announcement appears, should apply immediately to the nearest field office of the ODT's Division of Motor Transport, stating the number of self-powered vehicles he operates so that the proper application blank can be forwarded to him."

The ODT order controlling commercial vehicles was referred to in these columns of Sept. 24, page 1101.

Realtors War Conference

The whole many-faceted question of how real estate and real estate business services can most usefully serve the nation's emergency needs and war effort will be the subject of a three-day war conference called by the National Association of Real Estate Boards in St. Louis Nov. 18, 19 and 20. The Jefferson Hotel will be conference headquarters. Bringing together the entire membership of the association, the War Conference will take up in detail matters reviewed by Presidents of the member real estate boards at a meeting just closed in Washington. David B. Simpson, Portland, Ore., President of the Association, in opening the Conference, will have as the subject of his address, "Real Estate in Wartime."

Social Security Tax Frozen At 1% For 1943 In Proposed Tax Bill—Opposed By Morgenthau

The Senate Finance Committee voted on Sept. 24 to freeze Social Security payroll taxes on both employers and employees at the present 1% level through 1943.

This actoin, together with the rejection of a proposal to tax excess earnings of individuals, virtually completed the Committee's consideration of the new tax bill. The measure now is before legislative drafting clerks, who are expected to report the final draft to the Committee tomorrow (Oct. 2), with floor debate in the Senate likely to start Monday (Oct. 5).

Before concluding its consideration on Sept. 24, the Senate Finance Committee enlarged the field of study of the joint Congressional-Treasury group on compulsory savings by instructing it to also report back on the possibilities of the pay-as-you-go income tax collection plan, sponsored by Beardsley Ruml, Chairman of the Federal Reserve Bank of New York and Treasurer of R. H. Macy & Co.

The Committee's action on the Social Security taxes, taken on a 12 to 4 vote, was on a motion by Senator Vandenberg (Rep., Mich.), who contends there is no justification for a doubling of payroll taxes in view of the present reserve fund. Under existing law, the 1% tax on both employers and employees would automatically rise to 2% on Jan. 1, 1943.

Secretary of the Treasury Morgenthau, in a statement issued Sept. 28, called on the Senate Finance group to reverse its action on social security taxes, declaring that passage of the Vandenberg proposal "would jeopardize the program for financing Old-Age and Survivors' Insurance."

Mr. Morgenthau added that "everything we have urged and planned in the fight against the rising cost of living has been predicated upon the assumption that Social Security contributions would rise on Jan. 1 to the new schedules."

Secretary Morgenthau's statement follows:

"Passage of the Vandenberg amendment would jeopardize the program for financing Old-Age and Survivors' Insurance. Sound financing requires that Social Security contributions be collected at the scheduled levels, especially during a period of very high incomes and employment such as this.

"Passage of the Vandenberg amendment would also require substantial adjustment in the Government's plans for war financing. It would, in effect, reduce the flow of anti-inflationary funds into the Treasury by over $1,500,000,000.

"Everything that we have urged and planned in the fight against the rising cost of living has been predicated upon the assumption that Social Security contributions would rise on Jan. 1, 1943, to the new schedules, adding 1% to the contributions of employees and 1% to those of employers.

"The Administration's record on Social Security has been clear and consistent. Last January the President submitted a budget based on the assumption that the scheduled rate increases in Social Security contributions would go into effect on Jan. 1, 1943, and that in addition, $2,000,000,000 in new contributions would be raised for an expanded Social Security program.

"When I appeared before the House Ways and Means Committee on March 3, I recommended an expansion of the Social Security program as outlined in the President's budget message of last January, and I repeated this recommendation in my letter to the Committee on May 6.

"I strongly hope that the Senate Finance Committee will reverse its tentative approval of the Vandenberg amendment, because the passage of that amendment would make our task harder than ever."

Regarding other actions taken by the Senate Finance Committee on Sept. 24, Washington advices to the "Wall Street Journal" of Sept. 25 reported as follows:

"1. Extended to reorganize interurban electric railways subject to regulation by the Interstate Commerce Commission the right to use the capital base of the old company in computing excess profits credit. This was voted earlier for other railroads.

"2. Rejected 7 to 6 a motion of Senator Connally (Dem., Tex.) to impose an excess profits tax on individuals. His proposal would have taxed 50% of the earnings of an individual in excess of the average for a base period.

"3. Enlarged the category of charities to which corporations may make contributions to include organizations sponsored by Federal and State governments such as the Army and Navy relief funds and United Service Organizations.

"4. Voted a 30% withholding tax rate on interest and dividends received by nonresident aliens and foreign corporations from American sources. The present rate is 27½% and the House voted a 37½% levy.

"5. Reinstated a section contained in the 1938 tax law (Section 112 B 7) setting forth methods of treating capital gains and losses when a corporation liquidates in the last month of the year to assume the tax status of an individual or partnership. The provision, however, was limited to personal holding companies and applies only in 1943."

Senator Vandenberg's remarks on Social Security tax freezing, incident to his introduction of a bill to accomplish this purpose, were given in these columns Sept. 24, page 1094.

ABA Savings Division Anniversary Booklet

A booklet featuring articles by W. Espey Albig, deputy manager of the American Bankers Association, and Dr. Paul F. Cadman, economist for the Association, is being sent to the ABA's entire membership in connection with the celebration this year of the 40th anniversary of the organization of the Association's Savings Division. The article written by Mr. Albig, who is Secretary of the Savings Division, points out that the Division came into being in November 1902, when the Association's Executive Council unanimously adopted a motion for establishment of a savings bank "Section." Myron T. Herrick, who later became U. S. Ambassador to France, served as its first President. Citing the growth in the section's membership during the institutions, it was made a Division of the Association.

"It was natural that both state and national banks interested in the savings business should find membership in the Savings Bank Section valuable. As the membership of the Section by 1920 included a large number of commercial banks with savings departments, in addition to savings institutions, it was made a Division of the Association.

"Over the years the increase in savings deposits and the number of savings depositors has been marked, as indicated by figures compiled annually by the Division:

	Savings Deposits	Savings Depositors
1909	$5,678,735,379	14,894,696
1922	17,578,920,000	30,544,738
1932	24,281,346,000	44,352,103
1941	26,149,213,000	46,151,254

"As a result of the continued growth of savings in all types of banks, and the considerably diminished number of strictly savings institutions, it was decided in 1931 to eliminate the restriction implied in the title, Savings Bank Division, by changing it to the present name, the Savings Division.

"The work of the Savings Division, which at first centered on the protection of savings deposits, on savings practices, and on uniformity of legislation, has changed with the expanding of savings as a national force. Conferences, which bring discussion of bank problems to the door of the bank, school savings, industrial savings, savings clubs, personal or small loan departments, uniform methods of computing interest, savings account analysis, cost analysis, personal money management, bank advertising, mortgage and real estate financing, customer relations, and competition of outside financial agencies for savings deposits—all receive the attention of the Division."

The booklet carries a symposium of bankers' opinions as to the value of savings in the banking structure, which says in part:

"Savings deposits have a tendency to stimulate thrift on the part of many persons who maintain no other banking connection; secure the good will of the bank's customers; and enable the bank to perform its essential economic functions of accumulating and investing the savings of the people for use in furthering enterprise."

Dr. Cadman, in paying tribute to the value of savings institutions, wrote as follows:

"The ability and willingness of any people to accumulate and employ capital is a certain index of their power to progress. No society could consume all that it produced, and enjoy economic advancement.

"Studies in the field of capital formation show that over a period of 20 years from 1919-1938 the net savings of corporations and the government were inconsequential. The savings of individuals represented 87% of the net capital formation in that period. During the first decade from 1919-1928, the savings of individuals were estimated at only 50% of the capital formation, but from 1929-1938 they rose to offset the negative savings of corporations, entrepreneurs, and the government. In the year 1938 more than one-third, namely, 37% of all institutional savings were made through mutual savings banks and the savings departments of commercial banks. Life insurance accounted for another very large segment. The savings bank and the life insurance company, where capital is formed in terms of dollars by individuals who think of their accumulations in terms of dollars, have been the principal sources filling the reservoir of capital which has made possible the economic expansion and development of the United States.

"In times of war, both the savers and the government can profit by savings institutions. The government enjoys their capacity to buy large blocks of its securities at a minimum of placement and servicing cost. The savers, on the other hand, enjoy the advantage of conserving institutions which through the years have built up large reserves and which have in their portfolios sufficient diversity to give a high degree of protection. There usually appears the traditional argument that since the management of savings institutions is going to lend heavily to the government, the individual might as well do it without any intermediary agency. Such reasoning fails to take into account the advantages mentioned above and also ignores the fact that only a relatively small number of people are accustomed to buying bonds and that very few think of themselves as potential buyers. To their ears, the appeal to buy bonds always seems to be directed to the other fellow. On the other hand, literally millions of people are thoroughly familiar with the savings account and the life insurance premium.

"The service which these conservers have rendered to the nation and to the people stands as a living part of the history of America's progress. Its beneficiaries are legion, for in very truth, it has provided the only social security that has either reality or meaning."

Willkie Calls For Second Front—Churchill Urges Discretion In Talk Of Armed Action

Wendell L. Willkie declared in Moscow on Sept. 26 that the best way the United States can help Russia is "by establishing a real second front in Europe with Great Britain at the earliest possible moment military leaders will approve."

Mr. Willkie has been in Russia to carry out certain commissions for President Roosevelt in his capacity as the President's personal representative and also to investigate conditions and report on them to the American people.

During his stay of more than a week in Russia, Mr. Willkie held several conferences with Premier Joseph Stalin and Foreign Minister Vyacheslov Molotov and made a trip to the war front. He also visited many industrial and war plants.

Mr. Willkie's statement advocating a second front was issued at the completion of his inspection trip. He also called for redoubling "our efforts to get tanks, airplanes and trucks here and every other implement of war" and for building "a bridge of supplies to Russia." Other ways in which the United States can help, Mr. Willkie said, are by sending food and medical supplies.

It may be noted here that disapproval of all speculation on the time and place of a second front was voiced by Prime Minister Churchill on Sept. 29 as the subject came up in the House of Commons. This is learned from London Associated Press accounts Sept. 29, which said in part:

"Mr. Churchill's remarks were provoked by a question from Capt. Peter MacDonald which was prefaced by the assumption that 'the period of offensive operations by the United Nations is now approaching.'

"Capt. MacDonald was anxious lest some one with inside information indiscreetly tip off the enemy with too free talk. In response to his request for a word of caution Mr. Churchill said: 'I welcome this opportunity of again emphasizing the undesirability of public statements or speculation as to the time and place of future Allied offensive operations, even though such statements are based on inference and not, as the suggestion seems to imply, on inside information.' "

Among other things Mr. Willkie in his statement pointed out that 5,000,000 Russians have been killed, wounded or are missing and that at least 60,000,000 Russians, or nearly one-third the population, are now slaves in Russian territory controlled by Hitler.

Mr. Willkie left Russia on Sept. 27 for China where he will confer with Generalissimo Chiang Kai-shek and other leaders. He is expected back in the United States around Oct. 15.

Before going to Russia, Mr. Willkie toured the Middle East visiting Egypt, Arabia, Palestine, Syria, Turkey, Iran and Iraq.

Plans for his trip were noted in these columns Sept. 3, page 818.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Selma Ungerleider, special partner in E. J. Roth & Co., New York City, withdrew from the firm as of July 16th.

Mtg. Bankers To Sell Billion In War Bonds

Plans for a drive by members of the Mortgage Bankers Association of America to sell a billion dollars of war bonds and stamps before Aug. 31, 1943, was announced in Chicago on Sept. 29 by Charles A. Mullenix, Cleveland, Association Vice-President, at a meeting of former Presidents of the organization. The meeting was in conjunction with a three-day Conference on Wartime Mortgage Finance. Guy T. O. Hollyday, Baltimore mortgage banker, will be named to head the drive and actual work will begin immediately after the close of the Conference. Sales by the various classes of members in the Association, such as life insurance companies, title companies, banks and mortgage houses, will be handled by divisional committeemen to be announced soon.

Mr. Mullenix also announced that the Association will, within the next 10 days, set up a post-war planning committee to study the changes now going on in housing, real estate and related fields and make preliminary plans for the post-war period. It will be headed by Dean R. Hill, Buffalo, a former Association President.

In his speech before the group, Mr. Mullenix specified 11 major post-war problems of mortgage banking, some of which must wait for the conclusion of the war but others which can properly be studied now in the light of current developments which will affect them later.

The second point in his post-war list was a "plan by private interests for the purchase of the then existing mortgage portfolios of such Federal agencies as the Federal National Mortgage Association, RFC, HOLC and others. This involves balancing the risk of taking over these portfolios as against the risk of losing the mortgage business entirely as a result of continually increasing portfolios held by government agencies." This will be a most important wartime mortgage problem, Mr. Mullenix said.

Another problem will be the "probability of permanent rent and other price control which may force complete socialization of real estate thereby wiping out the private mortgage business entirely." He emphasized that the Association is extending wholehearted cooperation to OPA in rent control operation, had assisted in its rental housing survey and recently in a special communication to members, urged increasing aid in making the wartime control system effective.

A further problem he listed as "eliminating the possibility of another 1921" and said it involved the probable ability of the construction industry to meet the demand for housing and other construction on a basis to eliminate a gap between a post-war boom and a later continuous period of prosperity. Probable sources of equity money, probable supply of funds for mortgage financing in view of the great sums needed to finance the war and the probable trend of future interest rates were others deserving study now, he said. He cited also as a problem the future trend of local taxes. He recalled that after the first World War local taxing bodies "went wild in their spending."

Calendar of New Security Flotations

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

SUNDAY, OCT. 11

DENVER CHICAGO TRUCKING CO., INC.

Denver Chicago Trucking Co., Inc., has filed a registration statement with the SEC for $400,000 debentures, 5%, maturing serially from 1944 to 1952, inclusive

Address—2501 Blake Street, Denver, Col.

Business—Operation of motor truck transport lines

Underwriting—Brown, Schlessman, Owen & Co., Denver, Col., is the principal underwriter

Offering—The issuer, a new corporation, upon the exercise of its option, will take over and carry on the present business of a partnership as an interstate carrier of merchandise by motor vehicle. The new corporation will acquire from the partnership all accounts receivable, motor vehicle equipment, rolling stock, real estate, franchises, etc. In consideration thereof corporation will deliver to partnership 4,000 shares of its capital stock, $1 par value, $250,000 of its debenture 5s and is also to deliver to the underwriter, on the order of the partnership, $150,000 of the debentures of the par value of $1,000 each, for the sum of $150,000 plus accrued interest to date of delivery. Corporation in normal course also assumes liabilities of partnership. The underwriter will purchase the partnership and the debentures from the partnership and the corporation and offer them to the public at prices ranging from 103.28% for the March 1, 1944, maturity to 100 for maturities 1948 to 1952, inclusive, plus accrued interest

Proceeds—The net amount to be received by the corporation will be used as working capital. Net amount received by partnership will be partnership funds distributable among the partners or usable for such purposes as the partners may decide

Registration Statement No. 2-5044. Form A-1. (9-22-42)

TUESDAY, OCT. 13

UNITED WHOLESALE DRUGGISTS OF ST. LOUIS, INC.

United Wholesale Druggists of St. Louis, Inc., has filed a registration statement with the SEC covering 4,000 shares of no par value common stock. Company was organized Aug. 11, 1942

Address—100 West Tenth Street, Wilmington, Del.

Business—It proposes to operate a warehouse at St. Louis. The corporation has been formed for the purpose of enabling distributors of United Drug Co. to have the benefit of purchases at wholesale of merchandise other than that sold by United Drug Co.

Underwriting—No underwriters named.

Offering—This offering of stock is not being made to all distributors of United Drug Co. products but is limited to those in the area economically served from St. Louis. Shares are to be sold at $50 per share for a total of $200,000 to the distributors of the products of United Drug Co. It is not contemplated that it will be necessary to borrow money. However, in the event a temporary loan is necessary pending receipt of funds to be raised from the sale of this issue, a loan not in excess of $50,000 may be made to the corporation by United Drug Co. At no time will there be over $200,000 raised from all sources. In the event such a loan is made it will be a form of a note for one year with interest at the rate of 3%. The benefits from such sales will be distributed to stockholders as dividends, monthly participations of earnings, and year-end checks of remaining earnings. Each stockholder will be allowed to increase his holdings as his merchandise purchases increase so he may hold stock proportionate to his purchases in order to receive his share of earnings

Proceeds—So far as determinable, the funds will be devoted in the amounts and to the purposes indicated, namely, to purchase of merchandise for sale to retail druggists $185,000, and to working capital $15,000

Registration Statement No. 2-5045. Form A-1. (9-24-42)

SATURDAY, OCT. 17

SOUTHERN UNION GAS CO.

Texas Southwestern Gas Co. has filed a registration statement with the SEC for Southern Union Gas Co. (the latter to be the surviving corporation in a proposed merger plan) covering 240,584 shares of Southern Union Gas Co. common stock, par value $1 per share. The name of the registrant will be changed in consummation of the merger plan from Texas Southwestern Gas Co. to Southern Union Gas Co.

Address — 1104 Burt Building, Dallas, Texas

Business—Primarily engaged as an operating utility company

Underwriting—E. H. Rollins & Sons, Inc., is the principal underwriter

Offering—Agreement of merger provides, among other things, that the survivor corporation shall offer approximately 240,584 shares of its common stock, par $1 per share, for subscription by holders of the presently outstanding common stock of Southern Union Gas Co., New Mexico Gas Co., and New Mexico Eastern Gas Co. at the price of $1.50 per share. Details of the merger plan have been filed with the Commission and previously announced

In addition to the securities to be issued in exchange for outstanding securities of the constituent companies involved in the merger plan, the details of which have previously been filed with the Commission and made public, the company will issue and sell for cash $3,650,000 of first mortgage sinking fund bonds, 3¾% series due Oct. 1, 1962

Registration statement reveals that E. H. Rollins & Sons, Inc., has advised the company that it has agreed to sell the bonds for the survivor corporation at a price equal to not less than 103¾% plus accrued interest, in such manner that there will not be involved any public offering of the bonds requiring their registration under the Securities Act of 1933. As compensation for its services in finding a purchaser, the banking firm is to be paid a commission of one-half of one per cent of the aggregate principal amount of the bonds

The banking firm also has agreed to purchase any unsubscribed shares of common stock offered to present shareholders of the constituent companies

Proceeds—The proceeds to be received by the survivor company from the sale of its bonds in the face amount of $3,650,000 and from the sale of common stock for cash and $250,000 of the proceeds from the Southern Union Production Co. loan will be used for the retirement of publicly held bonds and long-term debt of the constituent companies, to apply to working capital for the company and for reorganization expenses

Registration Statement No. 2-5046. Form A-2. (9-28-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

CENTRAL MAINE POWER CO.

Central Maine Power Co. filed a registration statement with SEC for $14,500,000 first and general mortgage bonds, Series M, maturing July 1, 1972; $5,000,000 ten-year serial notes, maturing serially on July 1 from 1943 to 1952, and 261,910 shares of common stock, par value $10 per share.

Address—9 Green Street, Augusta, Maine

Business—Company is an operating public utility and engages in the electric, gas and water business, entirely within the State of Maine

Underwriting—The bonds and the notes will be sold under the competitive bidding rule of the Commission. Names of underwriters and amounts and offering price to public will be supplied by amendment

Offering—Public offering price of the bonds and notes will be supplied by amendment. The 261,910 shares of common are first to be offered to the holders of the company's outstanding common stock and 6% preferred stock for subscription at $10 per share in accordance with their preemptive rights. New England Public Service Co. has subscribed for and agreed to take the 261,910 shares, less any shares as may be subscribed for by stockholders, and to pay therefor in cash at $10 per share provided the proposed merger becomes effective

Proceeds—Statement says that prior to the issue of the securities now registered, Cumberland County Power & Light Co., a public utility incorporated in Maine in 1909, will be merged into the company and Central Maine will thereupon acquire, pursuant to an agreement of merger, the business and all the rights, powers, etc., of Cumberland. After the merger has become effective, the business of the company will include also the business, franchises and properties of Cumberland, the separate existence of which will have ceased

Net proceeds from the financing in accordance with the merger plan recently filed with the commission will be used as follows:

Net proceeds of the series M bonds will be used to pay principal and premium in the redemption at 105% on Oct. 1, 1942, of $1,494,000 face amount of first mortgage, 4% series, due 1960, of Cumberland Power, $1,538,060; to pay principal and premium in the redemption at 105½% on a date in 1942 to be announced of $9,275,000 face amount first mortgage bonds, 3½% series, due 1966 of Cumberland County $9,784,348 and to pay bank loans made by the company which were incurred for the purchase and construction of facilities $2,650,000.

Net proceeds of the serial notes and the common stock will be used to pay par and premium in the redemption on a date to be fixed in 1942 of an unspecifed number of shares of 6% preferred stock and an unspecified number of shares of 5½% preferred stock of Cumberland County at 130% and 110%, respectively, all of which shares are to be called for redemption by Cumberland County prior to the proposed merger and converted under the agreement of merger into an obligation of the company to deposit the redemption price thereof in trust for the holders of such shares. The amount to be utilized in such redemption will be supplied by amendment.

Additional net proceeds from the sale of serial notes and common stock will be used to acquire 300 shares of the common stock and $6,000 face amount of 5% debentures of Aug. 1, 1936, due Aug. 1, 1956, of Nepsco Services, Inc., and 10 shares of common of Nepsco Appliance Finance Corp. $9,100 and to acquire all of the 650 outstanding shares of the no par capital stock of New England Pole & Treating Co. $110,000.

Balance of net proceeds of the series M bonds, the serial notes and common stock will be used to redeem at $120 per share or otherwise retire on or before Oct. 1, 1942, an unspecified number of shares of 7% preferred stock of the company and for the purchase and construction of facilities for the carrying out of the company's business.

Registration Statement No. 2-5024. Form A-2. (6-29-42)

Central Maine Power Co. on Aug. 5, 1942, filed a request with the SEC to withdraw trust indenture data in view of decision to sell the proposed issue of $5,000,000 10-year serial notes at private sale. On July 16, 1942, company filed an amendment with the SEC to withdraw the proposed notes from registration and such withdrawal was approved Aug. 19, 1942

Amendment filed Sept. 10, 1942 to defer effective date

ELLICOTT DRUG CO.

Ellicott Drug Co. filed a registration statement with the SEC for $350,000 6% debentures, due June 30, 1957.

Address—120 Cherry Street, Buffalo, New York

Business — Company is a cooperative wholesale drug company, selling to its members only, all of whom are retail druggists.

Proceeds — $250,000 of the debentures will be presently issued. Approximately $120,000 of this amount will be issued to replace the outstanding 6% preferred stock which is being eliminated. Approximately $48,000 additional will be issued to retire buying privilege deposits with the company The balance, approximately $78,500 after expenses, will become additional working capital

Offering—The new debentures will be priced at 100 and accrued interest

Registration Statement No. 2-5026. Form A-2. (7-7-42)

Amendment filed July 23, 1942 giving to members of the company only the privilege of exchanging the 6% cumulative preferred stock, par $50, for the debentures on a dollar for dollar basis and or exchange for deposits made by non stockholder members.

Amendment filed Sept. 12, 1942, to defer effective date

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage Bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956, and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed Sept. 23, 1942, to defer effective date

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Amendment filed, July 30, 1942 to defer effective date

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed Sept. 14, 1942, to defer effective date

LUKENS STEEL CO.

Lukens Steel Co. filed a registration statement with the SEC for $2,200,000 4¾% sinking fund debentures due 1952

Address—Coatesville, Pa.

Business—Steel manufacturer

Proceeds—Payment of bank loan

Registration Statement No. 2-5003. Form A-2. (5-29-42)

Company in an amendment filed Sept. 24 reverses the list of underwriters of its proposed $2,200,000 4¾% sinking fund debentures with the amounts which each will purchase as follows:

Name	Amount
E. H. Rollins & Sons, Inc.	$900,000
Eastman Dillon & Co.	510,000
Whiting, Weeks & Stubbs, Inc.	250,000
Stroud & Co., Inc.	200,000
Graham, Parsons & Co.	150,000
Biddle, Whelen & Co.	100,000
Vallance & Co.	100,000
Boenning & Co.	50,000
Bond & Goodwin, Inc.	40,000

Offering price to the public will be 100 plus accrued interest from June 1, 1942.

Registration effective 5:30 p.m. EWT on July 28, 1942 as of 5:30 p.m. EWT July 12, 1942

NU-ENAMEL CORPORATION

Nu-Enamel Corporation filed a registration statement with the SEC for 106,500 shares of common stock, $1 par value

Address—8 South Michigan Ave., Chicago

Business—The company is engaged in the distribution and sale of enamels, paints, varnishes, linoleum finish, stains, polish and kindred lines, which are principally distributed under the trade name "Nu-Enamel." The products sold by the company are manufactured by Armstrong Paint & Varnish Works, of Chicago, under contract in accordance with the company's formulae and specifications

Underwriting—Floyd D. Cerf Co. is the principal underwriter.

Offering—The principal underwriter is granted the option, until close of business Dec. 31, 1942, to purchase at $1.50 per share all or any part of 72,500 shares of common stock of the company from C. L. Lloyd and all or any part of 34,000 shares from Gladys Lloyd. There is no firm commitment to purchase any of said shares. The principal underwriter has agreed to pay a finder's fee to American Industries Corp., Detroit, Mich., in the amount of 5 cents for each share of common stock purchased by the principal underwriter from the selling stockholders. Offering price to the public will be supplied by amendment

Proceeds—The shares to be offered are already issued and proceeds will go to the individual sellers of the shares

Registration Statement No. 2-5029. Form A-2. (8-1-42)

Nu-Enamel Corporation on Aug. 26 filed an amendment to its registration statement giving the public offering price at $2 per share

Registration effective 5:30 p.m. EWT on Sept. 14, 1942

STILLWATER WORSTED MILLS, INC.

Stillwater Worsted Mills, Inc., a newly organized company, has filed a registration statement with the SEC covering 30,000 shares of preferred stock, $10 par value; 30,000 shares producers common stock, $10 par value and 60,000 shares of common stock, $10 par value

Address—East Avenue, Harrisville, Rhode Island

Business—Plans to engage in business of worsted yarn and cloth manufacture, including dyeing and finishing

Offering—The 30,000 shares of producers common and the 60,000 shares of common stock are to be offered for sale at $10 a share. The 60,000 shares of common will be offered to a group of approximately 30 executives and key employees of the old Stillwater Worsted Mills and the 30,000 shares of producers common stock to other persons than above now employed by Stillwater Worsted Mills and its subsidiaries. Stillwater Worsted Mills, Inc., the new company will acquire properties of Stillwater Worsted Mills, the old company, located in Rhode Island, Virginia and Connecticut and certain stocks of finished cloth located in New York and Illinois. The statement says the new company does not intend to engage in the business of top manufacture in which the old company has engaged and intends to continue to engage.

The new company also plans to issue and have outstanding $2,910,000 of first mortgage serial bonds, maturing from 1944 to 1967, which will carry an interest rate varying from 2 to 5%

The statement says that the new company has no present intention of issuing the preferred shares, planning to hold them for ultimate conversion of the producers common shares.

Registration Statement No. 2-5041. Form A-1 (8-28-42)

Registration effective 5 p.m. EWT on Sept. 23, 1942

THE TRION COMPANY

The Trion Company has filed a registration statement with the SEC for 6,000 shares of 7% cumulative preferred stock, par value $100 per share.

Address—Trion, Georgia.

Business—Company manufactures, finishes and fabricates cotton goods in its plant at Trion, Ga.

Underwriting—Courts & Co., Atlanta. Ga., is named principal underwriter. Other underwriters will be named by amendment.

Offering—The 6,000 shares registered are issued and outstanding and are being offered for the account of a corporation and individual stockholders. The price to be paid for the stock by the underwriters and the offering price to the public will be supplied by amendment.

Proceeds—The registrant is not to receive any of the net proceeds which will go to the selling stockholder.

Registration Statement No. 2-5035. Form S-2. (8-13-42)

Amendment filed Sept. 19, 1942, to defer effective date

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Read & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb. 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed Sept. 28, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4370. Form A-2. (3-30-40)

Amendment filed Sept. 19, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

Amendment filed Sept. 11, 1942, to defer effective date

UNIVERSITY CLUB OF CHICAGO

University Club of Chicago has filed a registration statement with the SEC for $802,500 principal amount of 4% debentures due Sept. 30, 2105

Address—76 East Monroe Street, Chicago, Ill.

Business—The club has operated since its organization in 1887 and intends to continue to operate as an organization for educational, social and fraternal purposes. It has no capital stock and is not operated for pecuniary profit but is operated solely for the benefit of its members

Offering—At the time of construction of the club building presently operated by the club there was organized under the laws of the State of Illinois, a stock corporation known as the University Auxiliary Association. The shares of that corporation were largely subscribed by members of the club and the association used the funds so obtained for the construction of the club building. The club now proposes to offer its 4% debentures—being the securities registered hereby—in exchange for the outstanding shares of the association, other than shares of the association owned by the club, and upon acquisition of such shares, or such proportion thereof as shall be approved by the board of directors of the club, to cause the association to be dissolved and liquidated.

It is considered that the issuance of the 4% debentures of the club in such ex-

change is a "reorganization" within the purview of the definition of that term set forth in paragraph 5 (1) of the rules as to the use of Form E-1 as constituting "the exchange of securities by the issuer thereof for securities of another issuer." The club proposes to offer its 4% debentures in exchange for shares of the University Auxiliary Association on the basis of $100 principal amount of debentures for each share of the Association of $100 par value, other than shares of the Association owned by the club

Registration Statement No. 2-5042. Form E-1 (9-8-42)

Amendment filed Sept. 24, 1942, to defer effective date

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of everal operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., in dissolution to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923. Form A2 (12-29-41)

Amendment filed April 21, 1942, to defer effective date

Urges Controllers To Meet War Responsibilities

T. C. McCobb, new President of the Controllers Institute of America, on Sept. 22 called on the controllers to "shoulder their share of the responsibility for the adjustments necessary to meet war conditions." Mr. McCobb, who is Controller and Director of the Standard Oil Co. (New Jersey), made this appeal before the controllers assembled in Chicago on Sept. 22 for their annual meeting. Pointing out that there have been drastic changes in the work of controllers, Mr. McCobb said that in many cases it is necessary to develop new techniques without much benefit of past experience. He further stated:

"Open-mindedly and constructively we must survey new conditions as they arise; we must patriotically comply with wartime regulations, eliminate non-essential procedures, counsel management in unchartered seas and, while doing this, revamp our office staffs to fill the gaps left as our trained accountants are called into service."

Mr. McCobb went on to say in part:

"Regardless of the controller's personal inclinations and limitations, he must operate today in a new field that is wider and more difficult than before. Drastic regulations made by the Federal Government have had a profound effect upon business administration. Facing so many strange problems, the directors of a corporation must have implicit confidence in their controller, and he in turn must exercise ceaseless vigilance to justify this trust. The directors are constantly signing under oath reports going to Washington, and it is they who accept responsibility for such statements, rather than the controller who provided the figures.

"The continuance of any business today is absolutely dependent upon proper accounting. Our businesses are faced with a multitude of new accounting responsibilities, in the form of reports to tax authorities, to regulatory commissions, to war bureaus and to stock listing controls—to name just a few. No matter how onerous we find compliance with these demands to be, and even if we believe that the data will never be used, we have no choice but to assume that the statements are important—and perhaps even necessary—to the war effort. And so we produce them, regardless of the work and cost involved.

"When the nation is at war, the controller's discretion as to what he will supply is practically nonexistent. But while we comply with so many new regulations, sound and unsound, we should bear in mind the fact that we do comply because these measures were brought forth by the emergency. We should not become reconciled to doubtful practices which we accept only because of the crisis, and be willing to countenance them when Government is returned to the people. We may have to reserve our right to protest, but we certainly should not abandon it."

Mr. McCobb's election and that of other new officers was referred to in our issue of Sept. 24, page 1091.

FDIC Income For Half Year Increases Surplus Further

Income of the Federal Deposit Insurance Corporation for the six months ended June 30, 1942, amounted to $33,649,441, according to a report to insured banks issued on Sept. 21 by Leo T. Crowley, Chairman of the FDIC. This total included assessments of $27,711,404 paid by insured banks and interest earned of $5,938,037, after deducting provision for amortization of premiums. Expenses and losses during this period amounted to $3,560,737, of which $1,715,479 represented deposit insurance losses and expenses, and $1,845,258 represented administrative expenses and other charges.

Mr. Crowley's report also revealed that income for the year ended June 30, 1942, amounted to $65,658,605, including assessments paid by insured banks of $54,154,790 and $11,503,815 representing interest earned, less provision for amortization of premiums. Total losses and expenses for the year amounted to $6,317,200 represented by deposit insurance losses and expenses of $2,652,761, and administrative expenses and other charges of $3,664,439.

The report further stated:

"The surplus of the Corporation as of June 30, 1942, was $294,587,895 resulting from an excess of income over expenses and losses during the entire period of operations. Total income from the beginning of deposit insurence on Jan. 1, 1934, to June 30, 1942, amounted to $370,188,506, including assessments of $290,202,171 paid by insured banks and $79,986,335 derived from interest earned and profits from sales of securities, after making provision for amortization of premiums. Charges to surplus amounted to $75,600,611. Net deposit insurance losses and expenses amounted to $48,015,554, resulting from the difference between total disbursements of $268,638,121 actually made or pending to depositors of closed insured banks in settlement of their claims and to merging banks or receivers of closed banks for loans or purchases of assets, including expenses incident thereto, and estimated recoveries of $220,622,567. Administrative expenses and other charges amounted to $27,585,056.79."

The advices from Mr. Crowley's office also states:

"During the six months ended June 30, 1942, 11 insured banks suspended or received aid from the Corporation. The 41,134 depositors in these banks, having total deposits of $11,137,000, were protected to the extent of $11,128,000, or about 99.9% of their claims, by insurance or otherwise. Of the 41,134 depositors in these banks, 41,128 were fully protected.

"During the year ended June 30, 1942, 18 insured banks, having 80,018 depositors, all but 229 of whom were fuly protected, closed or received aid from the Corporation. Total deposits in these 18 banks amounted to $30,223,000 of which $29,221,000, or 97%, were protected against loss.

"By June 30, 1942, 381 insured banks, having 1,247,638 depositors with total deposits of $479,497,000, had been liquidated or merged with the aid of loans from the Corporation. Deposits amounting to $468,781,000, or 97.8% of the total deposits in the 381 banks, were made available promptly without loss to the depositors. Only 1,952 of the 1,247,638 depositors, or less than one-quarter of 1%, held accounts in excess of $5,000 and were not fully protected by insurance, offset, preferment, pledge of security, or terms of the merger agreements.

"On June 30, 1942, there were 13,456 operating banks insured by Federal Deposit Insurance Corporation, 26 fewer than were insured on Dec. 31, 1941. There were 52 banks eliminated during the 6-month period: 3 by suspension; 8 by merger with financial aid from the Corporation; 41 by voluntary merger, consolidation, or liquidation. There were 26 banks admitted to insurance, of which 14 banks were in operation at the beginning of the year and 12 first opened for business in 1942."

Record Shipbuilding "Most Gratifying"

President Roosevelt said on Sept. 25 in a "salute to the Victory Fleet" that the record of American shipbuilders in the past year is "most gratifying" and "cannot fail to inspire added confidence in the minds of the people of our nation and those of our Allies, that we shall achieve ultimate victory over our Axis enemies."

The President's remarks were made in reply to a progress report from Rear Admiral Emory S. Land, Chairman of the Maritime Commission, on the occasion of the first anniversary (Sept. 27) of the launchiing of the Liberty ships.

In his report of progress, Admiral Land stated that the President's 8,000,000-ton goal for 1942 should be met and that the 16,000,000-ton goal for 1943 "appears reasonably certain of accomplishment."

The President's letter to Admiral Land read:

"Your report of progress made by American shipbuilders in the year since the first Liberty ships were launched on Sept. 27, 1941, is most gratifying. It cannot fail to inspire added confidence in the minds of the people of our nation and those of our Allies, that we shall achieve ultimate victory over our Axis enemies.

"When I gave directives, first for 12,000,000, then for 18,000,000, and finally for 24,000,000 tons of merchant ships to be built by our shipyards in 1942 and 1943, I issued a challenge to the shipbuilding industry and the Maritime Commission. That challenge has been accepted and is being met, gloriously and efficiently, despite the fact that by my directive the Maritime Commission thus diverted a large amount of its facilities to the construction of much needed special types of ships for the Navy.

"It is with great pleasure that I join in a 'salute to the Victory Fleet' on Sunday, Sept. 27. Every one of us on that day should voice a word of appreciation and a prayer for the men who build our ships and those who sail them.

"They are making an all-out effort for and a vital contribution to the preservation of our freedoms. We—and all other liberty-loving peoples of the world—are deeply indebted to them for their devotion and heroism."

The text of Admiral Land's report follows:

"One year ago next Sunday, Sept. 27, the first Liberty ships built pursuant to your emergency shipbuilding directive of January, 1941, were launched. Here is a brief progress report on the merchant ship production, which your subsequent directives have expanded to 24,000,000 deadweight tons to be delivered into the nation's war service in 1942 and 1943.

"Deliveries of completed ships in those 12 months, including those scheduled for delivery the remainder of this month, total 488, aggregating about 5,450,000 deadweight tons. Of these, 327 are Liberty ships, 49 are C-type cargo vessels, 51 are tankers, 5 are ore carriers and 56 are cargo ships for private and British account.

"September deliveries to date and those scheduled to Oct. 1 total 90 ships of approximately 1,000,000 deadweight tons, an average of three ships a day, which sets a new record for steel merchant ship production. Scheduled deliveries for the remaining three months of 1942 should bring us to the 8,000,000-ton goal of your directive.

"Production time for Liberty ships has been reduced from an average of 241.8 days for all yards in January to 833 days in August and 70 days so far this month. These records indicate still further reduction of average production rate to the point where your 1943 directive of 16,000,000 deadweight tons appears reasonably certain of accomplishment.

"Since your original emergency directive in January, 1941, American shipyard capacity for production of large ocean-going merchant ships has been more than tripled. In this expansion the Commission has authorized and financed the construction of 20 emergency yards with 165 ways, and the addition of 45 ways to existing yards. Ship production capacity of the nation is now at an all-time high, and is considerably greater than that of all other nations combined. We have more than 60 shipyards now. They are on all coasts and the Great Lakes. More than 700 plants in nearly all States are producing ship materials.

"Because of this accomplishment by workers and management in American shipyards and industrial plants in keeping apace with the continually expedited production schedules—which the Axis aggressors have termed 'fantastic,' and 'impossible'—the Commission feels that these men, together with those men who are serving so valiantly on the ships of the merchant marine, merit a 'Salute to the Victory Fleet' on Sunday the 27th, the first anniversary of the Liberty ships.

"On behalf of all those men, I believe I am fully justified in assuring you, Mr. President, and the American people that they are not content with past accomplishment but will bend untiring effort to respond fully to your urgent plea for 'ships, more ships and still more ships; speed, more speed and still more speed' until the victory has been won."

Market Transactions In Govts. For Aug.

Market transactions in Government securities for Treasury investment and other accounts in August, 1942, resulted in net sales of $8,446,000, Secretary of the Treasury Morgenthau announced on Sept. 15. This compares with net sales of $2,295,000 in July.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:

1940—	
September	$300,000 sold
October	4,400,000 sold
November	284,000 sold
December	1,139,000 sold
1941—	
January	$2,785,000 purchased
February	11,950,000 purchased
March	No sales or purchases
April	$743,350 sold
May	200,000 sold
June	447,000 purchased
July	No sales or purchases
August	No sales or purchases
September	$2,500 sold
October	200,000 sold
November	No sales or purchases
December	$60,004,000 purchased
1942—	
January	$520,700 sold
February	29,980,000 purchased
March	5,814,450 purchased
April	300,000 purchased
May	16,625 purchased
June	250,000 sold
July	2,295,000 sold
August	8,446,000 sold

FDR Warns Colleges Of Wartime Problems

Declaring that "the challenge of the new day for American colleges is very great," President Roosevelt warned on Sept. 24 that "winning the war will be futile if we do not throughout the period of its winning keep out people prepared to make a lasting and worthy peace." The President made this statement in extending felicitations to Everett Needham Case, new President of Colgate University. The letter was read at the installation exercises held on the university campus at Hamilton, N. Y. This is learned from special Hamilton advices to the New York "Times" from Benjamin Fine, in which the President's letter was given as follows:

"May I take this occasion to extend felicitations to you and to Colgate University. You are beginning your term of service as President while the university is celebrating its 105th anniversary of Founders' Day.

"You will no doubt wish to build upon the achievements of Colgate's distinguished past but you will also find problems facing you quite unprecedented in the history of the institution. In a sense, therefore, you will be writing finis to one chapter and starting another.

"The challenge of the new day for American colleges is very great. All our energies at the present must be devoted to winning the war. Yet winning the war will be futile if we do not throughout the period of its winning keep our people prepared to make a lasting and worthy peace. This time the peace must be global the same as the war has become global. Around the peace table the voice of the United States will have great weight. It is of tremendous importance that that voice shall represent the aspirations of a people determined that mankind everywhere shall go forward to its destiny. The soul of that destiny is maximum freedom of the human spirit.

"I congratulate you on the great opportunity that is yours and hope that you will find the keenest satisfaction in undertaking the difficult task."

Chicago Home Loan Bank Mortgage Loans Up In July

Showing the first increase since April, the July borrowing for home ownership purposes in the Illinois-Wisconsin district reached $31,265,000, a gain of 3.3% over June, the Federal Home Loan Bank of Chicago reported on Sept. 19. It came nearer than either of the two preceding months to equalling the dollar volume for the like month of 1941, being 80% of last July's total, according to A. R. Gardner, President of the bank. In Wisconsin it was heaviest for any month so far in 1942 and in Illinois it was the year's third largest month's activity. Figures are for all mortgages recorded for $20,000 or less by all types of lenders. They show that 9,887 borrowers obtained mortgage loans of this size from some source this past July. This is more borrowers than in any post-depression July except 1941.

Philippine Functions To Interior Secretary

In an executive order dated Sept. 16, President Roosevelt transferred to Secretary of the Interior Ickes the functions, powers and duties of the United States High Commissioner to the Philippine Islands, together with the personnel, records, property and funds of the office. The last High Commissioner to the Philippines was Francis B. Sayre, who returned to the United States last March just before the surrender of the Islands to the Japanese.

Hillestad To Head Norges Bank In N. Y.

The Norwegian central bank, Norges Bank, which upon the German occupation of Norway in the spring of 1940 temporarily transferred its head office to London, England, has appointed Hallyard Hillestad its representative in New York for the United States, Canada, and certain Central and South American countries. Norges Bank has not previously been represented in this or other countries of the western hemisphere.

Mr. Hillestad has resigned as an officer of the J. Henry Schroder Banking Corp., New York City, to accept this appointment. His office will be at 2 Wall Street. The announcement further explained:

"Mr. Hillestad is a native of Bergen, Norway, and came to the United States in 1919. He has been with the J. Henry Schroder Banking Corp. since its establishment in 1923. He was graduated from the University of Oslo in 1917 with the degree of Cand. Oecon. He is a financial counselor to The Norwegian Shipping and Trade Mission here but has resigned from various corporation directorships to devote his entire time to the representation of Norges Bank.

"Norges Bank has now for more than two years carried on its business from its temporary head office in London, where it is registered under the British Companies' Act of 1929. As a consequence of the German occupation of Norway, Norges Bank, London, accepts no responsibility for any of the actions or engagements of the Oslo institution. The management of that institution, which now purports to be exercising the functions of a central bank, is not recognized by the Royal Norwegian Government as having any legal status whatever. It is under the domination of the German invaders. The bank notes issued by the Oslo institution, and other obligations to third parties incurred by it, have no validity as against Norges Bank, London, Mr. Hillestad explained. Currency now circulating in occupied Norway is German controlled and without national independence, as the result of which it is stated to be without its usual economic and legal significance.

"How the legal relations which have come into existence through Norges Bank functioning in occupied Norway should be taken into account will depend, Mr. Hillestad said, upon post-war legislative, administrative, judicial and other measures."

Our Reporter On "Governments"

(Continued from First Page)

Sales of some tax-exempts by insurance companies reported, reflecting companies' search for more cash to use in buying new taxable bonds at 2½% interest level. . . .

New York and Chicago banks were in easy position for a few days last week but this was just a lull. . . . Banks since have paid for $1,500,000,000 issue of Treasury notes, bought largely in this district, however. . . . And although war loan deposit arrangement was available on the notes, the Treasury is drawing on its cash balances with the banks at a terrific rate. . . . So, another near-squeeze is inevitable and soon. . . . Federal funds market may revive within a week or two. . . .

And then another cut in reserve requirements is due for banks in the two big cities. . . .

And following that—possibly in October—should come the first general cut in reserve requirements in many months. . . .

Government bond market is at dead center. . . . Never has it been so quiet for so long a time. . . . "Support has been so good it has destroyed the trading market!" was the bitter comment of one dealer. . . .

"Nobody wants to do anything," reported another major dealer, who went on to describe the market as in "a bad state of inertia." . . . Comments are graphic enough to show condition of market. . . .

Still expectations around that a bond issue will be sold in October, may awaken market. . . . As for coupon, argument persists as to whether a 2¼% coupon would be advisable just at a time when the 2s are being absorbed. . . .

TAX-EXEMPTS

If you'll glance at the list of bonds on the Government's ever-lengthening calendar, you'll see the tax-exempts have been notable for their lack of advancing power in recent weeks. . . . They've been in supply—compartively speaking, of course. . . . They've been leaders of the market in one sense but surprisingly uninspired leaders. . . . And this all has been in the face of increasing evidence that for another year, the tax-exemption feature on Government bonds is safe. . . .

Investigation discloses the supply is not coming from small holders of bonds, out-of-town investors or from savings banks. . . . Most bank holders are maintaining their positions, it is said. . . . And informed sources say the real liquidation is coming from insurance companies—with sufficient tax-exempts and with intentions of using the funds released to buy more tax bonds on the next issue. . . .

A generalization about the tax-exempts is an impossibility. . . . Everything depends on your own status, how you will fare under the new tax laws. . . .

But the tax-exempts do seem cheap. . . . Especially the long-term bonds, in relation to the long-term taxables. . . . If, after investigation of your position, you find you can use some more tax-exempts, consider the longer-terms. . . .

Chances are you'll make a profit just on the market movements between these and taxables during the next few months. . . .

Good buys appear to be the:

2¾s of 1965/60 at around 109¾ to yield 21.10% to call date, 2.21% to maturity;

2¾s of 1963/58 at around 109⅛ to yield 2.06% to call date, 2.20% to maturity;

2¾s of 1959/56 at around 108⅞ to yield 2.01% to call date, 2.11% to maturity. . . .

Canadian Harvest Behind Schedule

Harvesting operations in the Canadian Prairie Provinces are now running three weeks later than usual, with cutting of all grains about 75% completed and threshing about 25%, according to the weekly crop report of the Bank of Montreal issued Sept. 25. Frosts and wet weather have resulted in a general lowering of grades.

The bank further reported:

"Scarcity of labor and shortage of storage space have increased the difficulty of handling the huge crop. The Dominion Government estimates the production of wheat on the prairies at 587,000,000 bushels compared with 293,000,000 bushels in 1941 and coarse grains at 804,000,000 bushels compared with 289,000,000 bushels.

"Satisfactory crop conditions and yields are reported in other sections of Canada."

Eble Elected V.-P. Of Wm. Mericka Co.

CLEVELAND, OHIO.—At a meeting of the directors of Wm. J. Mericka & Co., Inc., Union Trust Building, held Sept. 28, 1942, Howard J. Eble of that firm was elected to the position of Assistant Vice-President.

Mr. Eble joined Paine Webber & Co., Cleveland, in 1928 in their unlisted trading department, and remained with Paine Webber & Co. until 1932, at which time he became associated with Wm. J. Mericka & Co., Inc., and remained with them until 1939.

From 1939 to 1941 he was with the firm of Johnson, Kase & Co. of Cleveland, after which he rejoined Wm. J. Merica & Co., Inc.

Mr. Eble is a specialist in Ohio over-the-counter securities, and is well known throughout the State for his knowledge of bonds and land trust certificates.

Waldmann Represents Mercantile Commerce

George R. Waldmann representative here for the past 11 years of the Manufacturers & Traders Trust Co. of Buffalo, and previously in the municipal bond department of W. A. Harriman & Co., Inc., has been appointed New York correspondent of Mercantile-Commerce Bank & Trust Co. of St. Louis.

Mr. Waldmann is a member of the Bankers Club of America, The Bond Club of New York, the Municipal Securities Committee of the New York Group of the Investment Bankers Association, and The Municipal Bond Club of New York, of which latter he was an officer and governor.

Kassebaum To Manage Ingalls-Snyder Dept.

Ingalls & Snyder, 100 Broadway, New York City, Members New York Stock Exchange, announce that John E. Kassebaum, formerly with Winthrop, Whitehouse & Co., is now associated with them as manager of their investment bond department.

Stein & Burian Join Strauss Bros. Dept.

Strauss Bros., 32 Broadway, New York City, announce that John R. Stein and Arthur J. Burian have become associated with them in their trading department. Mr. Stein was formerly with Ernst & Co., and Mr. Burian was with Bonner & Gregory. The firm also announces that the direct wire from their New York to their Chicago offices has been extended to St. Louis.

William Frankel and Soren Nielsen of the trading department have joined the armed forces.

Sound Railroad System Held In National Interest

A financially sound railroad system is in the national interest, according to the current bulletin issued by Strauss Bros., 32 Broadway, New York City. ". . . an interesting sidelight is provided by present transportation difficulties within Germany," the bulletin continues, "where, competent opinion asserts, continued neglect of the railroads is likely to lead to a serious breakdown in transportation facilities, with ultimate effects upon Germany's ability to maintain her fighting fronts. We can take grim satisfaction in the discomfiture of our enemies, and congratulate ourselves on the tremendous job that is being done by our own railroads."

Copies of the Bulletin may be had from the firm upon request.

Simmonds On ABA Comm.

A. C. Simmonds, Jr., Vice-President of the Bank of New York, New York City, has been appointed a member of the National War Loans Committee of the American Bankers Association, it is announced by Henry W. Koeneke, President of the Association. Mr. Simmonds has served on many special committees of the Association and is a member of the credits faculty of the Graduate School of Banking, conducted by the American Bankers Association at Rutgers University.

Richmond Corp. Dissolves

RICHMOND, VA. — The Richmond Corporation, 726 East Main Street, discontinued business as of Sept. 30. Rutherfoord Fleet, formerly president of the corporation, has become a vice-president of Lawyers Title Insurance Corporation. J. Joseph Day, previously vice-president of the Richmond Corporation, has been appointed a vice-president of the Morris Plan Bank of Virginia.

Final Edition THURSDAY In 2 Sections – Section 2

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Senate Committee Studies War Contract Renegotiation Changes—May Delay Tax Bill

The Senate Finance Sub-Committee, appointed on Sept. 23 to make a study of the statute requiring renegotiation of war contracts, is said to have under consideration two separate plans—one offered by Senator George (Dem., Ga.) calling for a profit limitation of 1% and 5% and the other proposal by the War and Navy Departments and the Maritime Commission urging retention of the present law but with several clarifying amendments.

The sub-committee has been directed to report its findings before the Senate completes its action on the tax bill so that any new formula may be incorporated in that measure.

Senator George, Chairman of the Finance Committee, proposed on Sept. 23 that the present contract renegotiation statute be repealed and replaced by a flat 5% profit limitation after taxes on ordinary war contracts and a 1% profit limit in cases where the Government furnishes the facilities and capital for war contracts.

Under existing law, added as a "rider" to the Sixth Supplemental National Defense Appropriation Act of 1942, the three war agencies may reopen contracts in excess of $100,000 to recapture profits which they deem to be excessive. The contracts could be reopened as late as three years after the war. Passage of this law was noted in our issue of April 30, page 1712.

Representatives of the War and Navy Departments and the Maritime Commission appeared before Finance Committee on Sept. 22 to oppose outright repeal of the present law but at the same time suggested several modifications designed to clarify the existing renegotiation statute. These proposed changes included the following, according to the United Press:

1. Authority be given to declare any corporation's operations in a given fiscal year "closed" so far as subsequent renegotiation is concerned.

2. Provision should be made to permit lumping together all of a single corporation's war contracts so that high profits on one contract can be averaged with low profits on another to ascertain whether there are "excessive" profits.

3. Contractors should be guaranteed tax rebates if part of the profits on which they paid taxes are subsequently taken away by renegotiation.

Heading the Senate Finance sub-committee making the study is Senator Walsh (Dem., Mass.). Because of this problem, it is not likely that the Senate will com-

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FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

It has become apparent in recent weeks in connection with the heated debate on the so-called farm parity fight that there are very few people in this country, particularly among the columnists and commentators and editors, who know just what constitutes a dictatorship, or just how a dictatorship comes about. I was quite startled a few days ago to read as a headline in the local Scripps-Howard paper, the intelligence that Ray Clapper feared a dictatorship (see page eight.) Turning to page eight, Ray said in his widely syndicated column that if Congress did not give the President the sort of bill he wanted then Roosevelt would ignore the bill and do what he wanted to do anyway and therefore we would have dictatorship. It was up to Congress to prevent such a catastrophe by giving in to the President in the first place, said he. As Snuffy Smith in the comics would say, that takes the rag off the bush.

The trouble with our commentators and our editors and apparently the rank and file of our people is that they conceive a dictator to be a man who just routs people out of bed for having expressed an opinion against him and takes them off and shoots them. We have been victims of propaganda in this respect. The propaganda used to be that the Czar's Cossacks in Old Russia simply swept in over the plain people and rode them off to Siberia just to satisfy a whim. Looking back now over the revolutionary careers of Litvinoff, of Lenin, of Stalin and the rest of them, it is obvious that the Czar and his Cossacks could not possibly have been so brutal; certainly not so effective. Studying the careers of these revolutionists, it is amazing the stuff they got by with, in a land supposed to be controlled by a despot. It seems to be a fact that the police in foreign countries are more brutal than our own police,

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Notice To Our Readers

Due to the constantly expanding volume of current news of paramount importance to business and industry, we are obliged, owing to space limitations, to divert to Section 1 a considerable amount of material which, under ordinary conditions, is usually contained in this section of the "Chronicle." In bringing this matter to the attention of our readers, we are mindful of our pledge to make every effort to increase the value of the "Chronicle" by reporting, without delay, all of the information essential to a thorough knowledge of the manifold changes in tax and other legislative matters originating in Washington, together with the activities of the many Government agencies whose functions are of increasing importance to the conduct of business in the present emergency.

GENERAL CONTENTS

THE FINANCIAL SITUATION

"We are still losing this war. Period. And we should damn well understand it. Period. It will take all we've got to win it—what are you going to do about it?" Such was the peroration of a rather Ickes-like address delivered late last week by Assistant Secretary of the Navy Ralph A. Bard. This deliverance in ordinary circumstances would be worthy of little notice. Since, however, it appears to typify certain unfortunate practices which public officials have fallen into of late, it may be well to inquire briefly into what Mr. Bard had to say.

He begins with a statement that "some months ago, after the first stunning shock of Pearl Harbor, we Americans needed a shot in the arm to restore our ego. That ego, the product of the belief that we were the peculiar children of fortune, expressed itself in the vague assumption that we could lick any of our enemies in sixty days, without skipping a full meal with dessert, or missing a Sunday drive in the country."

Then "President Roosevelt one fine day reminded the country that it was suffering from too much complacent optimism, and then we went in for pessimism. We government officials have told you and other groups in recent months that we could lose the war. But I suspect that our native conceit has accepted this line of thought as traditional advertising technique, the kind of message which sells hair tonic and cure-alls, full of terror in the first part of the ad and reassurance in the windup—the ads which say you are most certainly damned, but our product can save you."

"Spiritual Rejuvenation"

After more of the same sort, he poses this question: "How about, for a change, just saying that we are still losing the war. And realize that we damn well mean it?" Very well, but precisely what is the speaker getting at? He lists a number of alleged advantages of "such realism," among them that "we" might be driven to visit Washington to read Lincoln's Second Inaugural Address inscribed upon the north wall of the Lincoln Memorial. He thinks, too, that it might produce a genuine "spiritual rejuvenation," rather than the

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No Political Generalship!

Personally I am now convinced we can best help by establishing a real second front in Europe with Britain at the earliest possible moment our military leaders will approve. And perhaps some of them will need some public prodding. Next summer might be too late.

It is easy to sit in comfort in America and read about Russians dying by the thousands to hold Stalingrad. But I found it difficult to explain to one Russian soldier, for example, why America and England were not ready to fight in Europe in a direct attack on Germany.

He wasn't impressed with the risks which our experts pointed out to me.

* * *

The Russian people are turning impatiently to America today for hope and aid. We must not fail them. If the Russian front is our front and the British front, as it surely is, every Nazi killed tonight at Stalingrad is one less Nazi trained to kill one of us on some other sector of this global war.—**Wendell L. Willkie.**

It seems to us that Mr. Willkie, always impulsive, has permitted his emotions to govern his judgment in this instance.

He is in no position to judge whether a "second front" at this time would prove a help or a hindrance to the war effort of the United Nations—or even a disaster.

He has increased the danger, already present, of political management of grand strategy.

He should know better.

Editorial—

One More Step Towards Fascism

Probably no other statute combines so many far-reaching and serious flaws, without at the same time providing any compensating benefits, as the rider adopted last April authorizing the Armed Services to re-negotiate the contracts they have already signed. It penalizes managerial efficiency, interferes with war production, greatly augments the bureaucracy feeding upon the public purse, and in its administration and enforcement is a marked influence for the establishment of fascism. Yet, unless the facts are pounded home, the Congress will do nothing about this law at its present session. Already the Senate Finance Committee has referred the question of dealing with the statute to a joint committee for study with instructions to report back to the Committee by Dec. 1. The citizens should demand that Congress act now, and failing that, should raise their voices to insure that the joint committee demands the law's repeal.

Everyone interested in war production and in the fate of democracy should carefully consider the basis of the allegations levelled at the law. Take the first charge: that the law penalizes efficiency. This accusation can be proven by citing facts of two distinct cases.

One is that of a corporation with arms sales of some $74,000,000 and a backlog of orders for several times that amount. By efficiency it has cut the cost of the chief ordnance product it makes far below the figure quoted by its chief competitor. Yet, despite its low price this company earns a good profit before taxes, while its competitor barely breaks even. How do these concerns fare under the re-negotiation law? Why the efficient concern is forced to return the profits it has earned, perhaps not even being allowed to set aside sufficient sums for needed reserves. Under these circumstances what incentive is there for the efficient producer to remain efficient? Why shouldn't he forget the cost books, fire his auditor, and tell his supervisory staff "Forget costs and get the production at any price. If we do save money the re-negotiation boards will take it away from us."

Take another example, the case of a corporation with sales only half those of the efficient producer cited above. This smaller producer finds that of his profits to be earned this year a large share is due to savings in costs, because careful management has effected economies on fuel, materials, and labor, by many innovations. Now the re-negotiation boards step in and take away not only the profits which may be attributed to the increased volume of operations on Government work, but also the various savings the management has effected. Will the factory superintendents, the auditor and other personnel in that plant keep on slaving over the cost sheets when they know that an arbitrary Federal agency may simply step in and take it all away?

Does the law interfere with war production? The president of one large concern reports that re-negotiation has absorbed most of his time for more than two months! The chairman of United States Steel Corporation reports that the law makes it impossible to issue accurate interim earnings reports. It must also make it impossible for the directorate of "Big Steel" to lay any financial plans for its expanding war production. In still a third instance, the president of a key war producing concern, the heads of two of its important subsidiaries, its auditor, financial vice-president, sales manager, and chief research engineer, have all been devoting at least half their time to re-negotiation proceedings.

Does this indicate that the law is interfering with war production?

The third major criticism—that the law is creating a vast bureaucracy—scarcely needs elucidation. Over half the nation's productive facilities are being devoted to war production. Thousands of corporations hold war contracts. How possibly can the re-negotiation boards review all these contracts and contractors without hiring thousands of accountants and attorneys? Bear in mind that in the case of each and every contractor the boards must not only study costs and profits on major contracts, but must consider total operations as well to try to discover how far—in the case of concerns partially engaged on peacetime production—the war contracts have influenced overall profits. There seems little doubt that the bureaucracy needed to administer this law will exceed that of the SEC and may eventually rival the fabulous force of the OPA.

The fourth accusation, that the law tends towards fascism, needs careful explanation. In their statement of policy, the Price Adjustment Boards charged with administration of the re-negotiation law assert that there can be no fixed standards of excess or returnable profits established for the interpretation of the act. In effect they say that each case will be considered on its own merits. It might be well to note that this is fundamentally the same doctrine espoused by another Federal war agency which refuses to set principles—the War Labor Board.

This very refusal to set any standard by which a concern may judge when it is earning excess profits and is thus liable to re-negotiation of its contracts, is the influence towards fascism. Despite all the developments of the past ten years, the economy still operates under the profit system—profits make it tick. Yet, if no corporate management can ascertain just what profit is being earned, until the books have been submitted to Washington—what remains of the profit system? What remains of the freedom of enterprise?

But in addition to the seizure from corporate management of the right and duty of determining what are profits, the law tends towards fascism in yet another way. The bureaucracy it sets up will inevitably feed and extend its powers. On the surface, one would expect the armed forces to oppose the re-negotiation law, since it reflects upon the contracts they have awarded by directing their re-negotiation. Yet, when the Senate Finance Committee recently took testimony from the War, Navy, and Maritime Commissions, those agencies all favored the retention of the law with only minor changes, such as a limit upon the number of re-negotiations that could take place under the statute's authority. Bureaucracy cannot surrender a prerogative once won.

Just why was this nefarious statute enacted so hastily by Congress last Spring? It was mainly because a Cleveland war contractor was earning huge profits and had paid his private secretary the fantastic salary of $45,000 a year. Because of this single isolated case, Congress felt called upon to slam down some type of limit on war profits.

Actually, the evils thus legislated against are already subjected to control by one bureau. The Treasury's Bureau of Internal Revenue has the power to disallow any excessive salaries or other expenses charged to corporation incomes. That bureau has not hesitated to exercise its powers as dozens of corporations will testify. Moreover, should any excessive salaries or earnings evade the Bureau's watchful eyes they would in large part be cancelled by the prohitively high personal income tax rates now levied, and the still higher rates imposed by the pending 1942 act.

In the case of corporation profits, surely no one can contend that any war contractor will have excessive returns left after paying the terrific excess profits rates imposed by the 1942 statute. Yet, most critics of the re-negotiation law would go a step beyond this and accept a fixed statutory limit on profits **after** taxes, if re-negotiation were ended.

If re-negotiation were ended and such a limit substituted (as Chairman George of the Senate Finance Committee has suggested) a war contractor would know that he need concern himself only with the Bureau of Internal Revenue's interpretation of costs and allowable credits against income. He would know, too, when he cast up his accounts exactly how profitable the operations had been—and if his return after taxes exceeded the statutory percentage then he would know exactly what he must return Certainly this would strictly limit his profits, but it would at least be definite as far as profits and taxes could be definite, and upon the closing of his books he would know where he stood—he would not remain at the mercy of a re-negotiation board for months, perhaps years to come.

If we are to continue to expand war production, we must change this law which keeps all producers in doubt and forces them to spend hours and hours with bureaucrats and their accountants. Tax away excessive war profits, limit them drastically, but leave enough for an incentive to efficiency, and free the contractors from the bureaucrats who are doing their best to transform this democracy into a fascist organization.

Wickard Warns Farm Labor Problem Is Serious Threat To Food Production

Secretary of Agriculture Wickard warned on Sept. 23 that "unless we find some way to deal with the farm labor problem and other problems of farm production satisfactorily, we must find some way in the not too distant future to deal with a shortage of food."

In testifying before the House Agriculture Committee, Secretary Wickard suggested that consideration be given to national labor service legislation. Emphasizing that the farm labor problem cannot be overlooked or ignored, Mr. Wickard said "it is not simply a question affecting agriculture, it is a question which affects the entire war effort."

Regarding his further testimony, Associated Press Washington advices of Sept. 23 said:

"While 1942 food production has reached a record high, he told the committee, which is beginning an investigation of the whole farm problem, the future is much darker, since much labor for the 1942 crop was performed before the United States entered the war.

"We begin on the 1943 crop with a labor situation far more threatening than a year ago and every sign points to our losing more and more men," he testified.

Mr. Wickard estimated that by the end of 1943 farms might lose as many as 2,000,000 more men to the armed forces and to industry. His estimate was based on an army of from 8,000,000 to 10,000,000 men by the end of next year.

"We have now come to a turning point in the road," he said.

"We face 1943 with the prospect of less machinery, less farm labor, and probably less favorable weather. At the same time the need for production is going to be as great in 1943 as it has been in 1942, and may be greater, depending upon the fortunes of war."

Up to now, he said, agriculture had absorbed a large part of the drain on its manpower through the expanded use of women, children and older people, but he added: "This cannot meet the situation much longer."

"Neither," he said, "can the problem be met by paying higher wages. We must recognize that farmers simply cannot pay wages to compete with war industry.

"To do so would result in food costs being forced much higher than present levels; levels which already seem fairly high to many consumers. Keep in mind also that a sharp increase in farm wages accompanied by a sharp increase in farm prices would result in a demand by industrial labor for another boost in its pay. Thus, we would start a vicious circle all over again, just at a time when prudence dictates that we stabilize the cost of living insofar as is possible.

"Farmers should pay fair wages, and farm income is now at a level which will allow farmers to pay reasonably good wages. Cash farm income in 1942 is expected to reach a record high of $15,000,000,000, which exceeds the previous high record of 1919. But paying high wages will not increase our total supply of labor. Other steps need to be taken."

The Secretary of Agriculture outlined six proposals designed to help farmers meet 1943 labor problems. They included:

Retention on farms of as many experienced managers as possible; transportation of workers from surplus labor areas to critical areas; training of inexperienced persons in the fundamentals of farming; expanded use of women and young people on farms; more recruiting for industry in cities and less in farm areas, and fuller utilization of under-employed on farms by increasing their production.

Raises Authorization For War Housing

The House, on Sept. 24, completed action on the legislation authorizing an additional $600,000,000 expenditure for housing facilities for war workers. The measure doubles the funds already authorized for war housing, increasing the total amount for this purpose from $600,000,000 to $1,200,000,000. The bill passed the Senate on Sept. 23.

Senator Taft (Rep., Ohio), in urging passage of the bill, said that it was necessary because the original $600,000,000 has been exhausted. He added that "quite a number of war plants are now almost without housing accommodations."

Senator La Follette (Prog., Wis.) said it was his opinion that the situation has become such that "housing will be a very critical factor, indeed, a deterrent factor, in war production during the coming winter."

During hearings on the measure, John B. Blandford, Jr., Administrator of the National Housing Agency, estimated the additional funds provided in the bill would finance war housing to accommodate an additional 1,200,000 workers expected to enter war plants by next July 1.

THE FINANCIAL SITUATION

(Continued From First Page)

rather dubious one which he seems to suppose has already occurred among us since Pearl Harbor.

But although similar threads run through much of the propaganda coming out of Washington today, both Mr. Bard and the other speakers must know full well this is but a rather cheap form of oratory—or do they? One sometimes finds it difficult to ward off the impression that official Washington is deeply and continuously aggrieved by the lack of long faces deeply etched with Puritanical lashings of conscience. One thing, however, is certain, and Mr. Bard and the others would do well to come to a full realization of it. The American people have long ago graduated from kindergarten, and they are not quite under a hypnotic spell despite some superficial symptoms of such a condition. What is more, if the powers that be feel that they must tell the rank and file when to be cheerful and when to go into the dumps, they might well give some thought to getting together. On the same day that Mr. Bard spoke so solemnly of the outlook, Vice President Wallace assured the public that we are "over the hump" or words to that effect. If such trash as this is the best government spokesmen have to offer, they had best devote their energies to winning the war—and practice keeping silent for a change.

The Tax Controversy

Mr. Bard—and the others—do, however, at times deviate into something more concrete. Mr. Bard speaks, for example, of the "wrangling" over the tax bill that has been going on for months, but he does not add—perhaps he thought it obvious—that this wrangling has been taking place in Washington, and the people, or certainly intelligent citizens with the good of their country at heart, are about as disgusted with this showing of incompetency and political timidity as is Mr. Bard himself. He, in any event, seems to see in the matter only an argument over who is to pay how much, when the fact is that a great deal more than that is involved—even unto the degree of success attained in our war effort and the nature of the conditions under which we must live after the war has been won. Complaint is warrantably to be entered, not that extended hearings have been held or that much argument has been indulged in, but that such little understanding of the issues involved was shown by members of Congress and of the Administration alike, and that nothing of a constructive nature has been accomplished.

He is aggrieved because, as he says, a controversy arose as to whether the agricultural or the petroleum interests would "grab" the synthetic rubber "business", or—one cannot quite tell which—over the interest he thinks the public took or takes in the controversy. The fact is, we suspect, that the vast majority of the people in the country care little, and have never cared much, who "gets this business." What concerned them was the fact that rubber was not being produced, and that apparently such small progress was being made in getting ready to produce it. And where did the fault lie? Certainly not with the people Mr. Bard is so harshly scolding, unless, indeed, he was pointing his barbs at the government itself of which he himself is a member.

The speaker jabs at employers who, he says, fear that production committees may develop into soviets, and labor unions which will not surrender their supposed jurisdictional advantages—both situations, so far as they exist, direct outgrowths of Administration policies—but otherwise, except for brief and exceedingly naive plunges into world politics and certain "social questions," he remains in the shadowy field of the emotional responses of the American people. He seems to think that to win the war we must solve difficult internal Latin American problems and tackle our perennial Negro question at home with a new vigor. He holds up to scorn the "we"—whoever that is—who hope that the Russians will whip the Nazis, but not be too unreasonable about spreading their uncomfortable doctrines outside of Russia.

No Contribution

As a contribution toward winning the war, it seems to us that Mr. Bard's address is utterly worthless, as, indeed, are many, many of the other oratorical efforts of official spokesmen and propagandists. The truth is that they may be a good deal worse than useless. The public is sick unto death of being preached at. It wants facts, which it does not get, but it wants no more scolding, which it is getting almost every day in the week. It seeks, almost desperately seeks, the facts upon which it can base a judgment as to whether the war effort is being conducted wisely and efficiently, and if the officials in Washington wish to influence the thinking of the average man they will cease to propagandize and begin supplying him with hard, cold, unvarnished facts concerning many things.

The truth is that the American public has responded remarkably well, all things considered, since Pearl Harbor. Of course, we have selfish, so-called pressure groups. How could we fail to have them? They have always been with us, and they have been duly cultivated with assiduity for long years past. The technique of making full use of such groups has become in recent years an official political practice. It has been "thought of, pondered and worshipped, and practiced day on day" for at least a decade. It would be futile to expect these groups to "fold their tents like Arabs and as silently steal away" at the outbreak of war. What could be expected of a statesmanlike and poltically courageous government is that these groups at least be held firmly on leash at such a time as this.

The State Of Trade

Business activity increased sharply the past week, reflecting a further sharp rise in electric power output and in Detroit industrial activity. The "Journal of Commerce" weekly index of business activity rose to 128.8 for last week as compared with 123.4 for the preceding week.

The electric light and power industry produced 3,756,922,000 kilowatt-hours of electrical energy for the week ended Sept. 19, according to the Edison Electric Institute. This was an improvement of 14.8% over the output in the corresponding week in 1941, and was fractionally above distribution in the previous week.

Greatest gains continued to be recorded in Pacific Coast and Southern States areas, with Rocky Mountain States running third. In the Pacific Coast States the production of electricity was 28.9% higher than in the comparable week last year. Output in the Southern States was 9.8% above the same week a year ago, while the Rocky Mountain area showed a gain of 12.5% above a year ago.

Loading of revenue freight for the week ended Sept. 19 totaled 903,099 cars, according to reports filed by the railroads with the Association of American Railroads. This was an increase of 88,214 cars over the preceding week this year, 4,870 cars below the corresponding week in 1941 and 89,770 cars above the same period two years ago.

This total was 121.19% of average loadings for the corresponding week of the 10 preceding years.

In connection with the scrap steel situation, M. E. Goetz, Manager of Republic Steel Corp.'s operations in the Chicago district, said that stocks of scrap steel today at the company's plants were "far below normal for this time of the year."

There was a danger, he said, the company's full winter schedules would be in jeopardy unless the supply of scrap increased sharply over the next two months.

"The present scrap collection drive," Goetz said, "is beginning to show good results, but we are still far behind in our needs. Stocks of scrap steel at our plants have increased in the past two months, but they are still 100,000 tons short of normal for this time of year."

He added that "a continued vigorous prosecution of the scrap drive is urgently necessary."

A return to cooler autumn-like weather put real snap into retail trade last week, Dun & Bradstreet, Inc., reported. Turnover in wholesale markets improved at the same time, although reorders continued to be affected by merchants' policies of reducing heavy stocks on hand.

Sales in the retail field picked up smartly following the weekend, when warm, muggy days took the edge off fall buying interest in many sections of the country, the agency stated. Night openings by virtually all major stores in a widening group of cities also contributed to the improved showing, it was said.

All retail trade was estimated by the agency at 2 to 4% ahead of 1941, with Southern and Western gains more than offsetting declines in the heavily populated Eastern section of the country.

Meanwhile, the Federal Reserve Board reported that department store sales for the week ended Sept. 19 were up 5% compared with a year ago. The New York district reported a decline of 6% for the period.

Department store inventories on July 31 were 67% higher than a year earlier, the Federal Reserve Board reported.

Farm income this year is estimated at $15,000,000,000, the highest level ever reported. With respect to income taxes, farmers are more favorably situated than other groups of the population, because of the many deductions they are allowed from taxable income. Legislation to permit parity ceilings to be imposed on farm product prices, without change in the definition of parity, would thus leave the nation's farmers as well off as they have ever been. In fact, their relative status would be better than that of other major economic groups except for urban wage earners, observers state.

The approach of the Congressional elections and pressure from farm organization leaders doubtless have had much to do with the last-ditch fight of the farm bloc for higher parities. A victory for the farm bloc would be not only a substantial setback in the battle on inflation, but would again show that the nation is not yet ready to subordinate group interests to the needs of the emergency.

The nation's farms produced more food products this year than ever before. The record yield follows a bumper crop in 1941, and seemingly this would make for a bright food outlook for the American people. Nevertheless, the opposite is the case; the food situation is becoming critical. Shortages and rationing are forecast, according to informed observers.

Mr. Roosevelt is told that "chaos" has resulted "through division of authority among the various Government agencies." He is advised, too, that the situation is serious enough to threaten "a complete collapse" of civilian supply.

The answer to the food industry's problem is simple, in the opinion of Paul S. Willis, President of the Grocery Manufacturers of America. It calls for the appointment of a supreme food administrator, a man having both authority and ability, who would devote his full time to straightening out the now tightening kinks in the food production and distribution lines.

Mr. Willis warns that unless something is done quickly about the food trades—which today do a business, including lend-lease, of around $15,000,000,000 annually—"we will face a food scandal far transcending the rubber situation." Food, he adds, is so essential to the winning of the war—in fact, is as much a weapon as guns—that the nation "cannot afford to bungle the food situation as it did rubber."

If a food administrator is named soon, Mr. Willis firmly believes, the food shortage now foreseen for 1943 can be avoided and rationing can be postponed. Like others in the industry, he feels that the multiplicity of government agencies concerned with food is a serious weakness in the situation today. "It is just as it was in rubber," he concludes, "many agencies bringing about confusion and little or no accomplishments in the right direction."

Bill To Mobilize National Resources

Legislation granting the President wide powers over the total mobilization of the country's "material resources, industrial organizations and services" was introduced in the Senate on Sept. 20 by Senator Hill (Dem., Ala.). The measure, offered as an amendment to the Selective Service Act, would empower the President "to determine, proclaim and select the material resources, industrial organization and services over which Government control is necessary to the successful termination of the war and such control shall be exercised by him through agencies now existing or which he may create for such purposes."

Senator Hill's bill also would set forth this statement of Government policy: "In any war in which the United States is now engaged there shall be universal service of all its citizens and there shall be total mobilization of all the material resources, industrial organizations and services of its citizens."

Simultaneously with the introduction of this bill, Representative Tolan (Dem., Calif.), Chairman of the special House Committee on Defense Migration, citing the "absence of final authority to allocate our manpower resources," declared on Sept. 21 that "the time has come when some clear decision between Army and industrial needs must be made." Mr. Tolan's committee recently concluded a series of hearings on the need for mobilization of manpower, questioning Paul V. McNutt, War Manpower Chairman; Major-Gen. Lewis B. Hershey, Director of Selective Service, and Donald M. Nelson, War Production Board Chairman, among others. Representative Tolan said:

"With a projected Army of 10,000,000 to 13,000,000 men, it is apparent that many additional millions must replace the men taken from war industry. Clearly, our present occupational deferment policy cannot meet this problem."

His committee is expected to make recommendations soon. In a preliminary statement, Mr. Tolan declared that "the fact that there is no final authority to decide between military and industrial manpower needs makes Mr. McNutt's job of planning industrial manpower without the benefit of a detailed production schedule doubly difficult." He added:

"We cannot afford to wait until our skilled workers have been taken indiscriminately into the army and have been scattered to the four corners of the globe. We cannot afford the time to bring them back from the frontiers of global war.

"We need them now to perform essential tasks and to train up our new industrial army. A plan for orderly transfer and training must provide the replacement potential as the size of army increases."

August Building Permit Valuations Down 60%; Eight Months' Total Decreased 32% From 1941

The downward trend in building permit valuations continued through August with a 60% drop from the total for August of last year, Secretary of Labor Frances Perkins reported on Sept. 26. "Increasingly stringent restrictions on the use of critical building materials have affected all classes of building. The sharpest decline (66%) occurred in the case of new residential construction," she said. "Permit valuations for new non-residential buildings decreased 58% and those for additions and repairs to existing structures 38%," said Secretary Perkins, who added:

"Permit valuations for new residential construction rose 5% between July and August, 1942, as a result of increases in privately financed housing. However, contracts were awarded for fewer units in public housing projects in August than in July. There was a slight increase in permit valuations for additions and repairs. A 39% drop in new non-residential construction more than offset gains in other types of construction, and caused a reduction of 18% in total permit valuations from July to August.

"During the first eight months of 1942 permits were issued in reporting cities for buildings valued at $1,396,649,000, a decrease of 32% as compared with the corresponding period of 1941. Permit valuations for new residential buildings for the first eight months of the current year amounted to $612,951,000, a decline of 41% as compared with the first eight months of the preceding year. Over the same period new non-residential buildings showed a decrease of 20%, and additions, alterations and repairs a decline of 26%."

The Labor Department's announcement further said:

"Tabulations of the Bureau of Labor Statistics include contracts awarded by Federal and State governments in addition to private and municipal construction. For August, 1942, Federal and State construction in the 2,391 reporting cities totaled $35,220,000; for July, 1942, $44,127,000, and for August, 1941, $89,936,000.

"Changes in permit valuations in the 2,391 reporting cities between August, 1942, July, 1942, and August, 1941, are summarized below:

Change from Aug. 1941, to Aug. 1942

Class of Construction—	All Cities	Excluding N. Y. City
New residential	—66.2%	—65.3%
New non-residential	—58.5%	—58.4%
Additions, alterations, and repairs	—38.5%	—34.4%
All construction	—59.9%	—59.1%

Change from July 1942, to Aug. 1942

Class of Construction—	All Cities	Excluding N. Y. City
New residential	+ 5.3%	+ 12.7%
New non-residential	—38.6%	—36.6%
Additions, alterations, and repairs	+ .7%	+ 3.2%
All construction	—17.5%	—13.9%

Comparisons of permit valuations in cities reporting for the first eight months of 1941 and 1942 are shown in the following table:

Change from First 8 Mos. of 1941, to First 8 Mos. of 1942

Class of Construction—	All Cities	Excluding N. Y. City
New residential	—41.3%	—38.9%
New non-residential	—20.3%	—17.4%
Additions, alterations, and repairs	—26.2%	—23.1%
All construction	—31.8%	—29.2%

"In the 2,391 reporting cities permits were issued in August, 1942, for new housekeeping dwellings which will provide 15,721 dwelling units, or 11% more than the 14,134 dwelling units provided in the previous month, and 57% less than the number provided in August, 1941. Dwelling units in publicly financed housing projects included in these totals numbered 1,403 in August, 1942, 1,800 in July, 1942, and 7,595 in August, 1941.

"Principal centers of various types of building construction for which permits were issued or contracts were awarded in August, 1942, except those awarded by the War and Navy Departments, Maritime Commission and the Defense Plant Corporation, which have been excluded because of their confidential nature, were Malden, Mass., multifamily dwellings to cost $330,000; Belleville, N. J., a factory to cost $490,000; Burlington, N. J., factories to cost $1,000,000; North Arlington, N. J., multifamily dwellings to cost $245,000; Philadelphia, Pa., one-family dwellings to cost $1,159,000; Gary, Ind., one-family dwellings to cost $365,000; Hammond, Ind., one-family dwellings to cost $318,000; Indianapolis, Ind., factories to cost $326,000; Detroit, Mich., one-family dwellings to cost $2,060,000 and factories to cost $542,000; Akron, Ohio, factories to cost $285,000; Cleveland, Ohio, one-family dwellings to cost $522,000; Columbus, Ohio, one-family dwellings to cost $246,000 and factories to cost $320,000; Dayton, Ohio, one-family dwellings to cost $256,000; Euclid, Ohio, one-family dwellings to cost $267,000; Fond du Lac, Wis., an institutional building to cost $400,000; Milwaukee, Wis., multifamily dwellings to cost $242,000; Wichita, Kans., one-family dwellings to cost $218,000; St. Louis, Mo., factories to cost $510,000; Washington, D. C., one-family dwellings to cost $620,000 and multifamily dwellings to cost $6,514,000; Alexandria, Va., multifamily dwellings to cost $712,000; Arlington County, Va., multifamily dwellings to cost $1,242,000; Norfolk, Va., one-family dwellings to cost $276,000 and multifamily dwellings to cost $260,000; Richmond, Va., multifamily dwellings to cost $248,000; Fort Worth, Texas, one-family dwellings to cost $722,000; Burbank, Calif., one-family dwellings to cost $323,000; Long Beach, Calif., one-family dwellings to cost $349,000; Los Angeles, Calif., one-family dwellings to cost $1,177,000, two-family dwellings to cost $2,614,000, multifamily dwellings to cost $757,000 and factories to cost $364,000; Napa, Calif., one-family dwellings to cost $410,000; Oakland, Calif., one-family dwellings to cost $292,000 and factories to cost $484,000; San Leandro, Calif., one-family dwellings to cost $420,000; Portland, Ore., one-family dwellings to cost $352,000; Seattle, Wash., one-family dwellings to cost $244,000, and Tacoma, Wash., one-family dwellings to cost $221,000.

"Contracts were awarded during August for the following publicly financed housing projects containing the indicated number of dwelling units: New Britain, Conn., $1,048,000 for 300 units; Portland, Me., $281,000 for 100 demountable units; Wilmington, Del., $575,000 for 180 units; Washington, D. C., $492,000 for 123 demountable units; Pascagoula, Miss., $1,275,000 for 450 units, and Vancouver, Wash., $2,152,000 for 700 units."

Illinois Employment, Pay Show August Increase

Employment in Illinois showed an increase of 2.6% in mid-August as compared with mid-July, with an increase of 4.9% in payrolls for the same period, Francis B. Murphy, State Director of Labor, announced on Sept. 24. "This does not mean that employment and payrolls have increased in all Illinois communities," Mr. Murphy warned, "since only 13 cities and areas in the State reported increases in both employment and payrolls." The State Labor Department's announcement says:

"Figures quoted by the Director are based on employment and wage reports from Illinois firms employing 839,737 non-agricultural workers, representing approximately one-third of the total non-agricultural workers employed in the State, with reports confined largely to manufacturing industries.

"Cities and areas reporting both employment and payroll increases include: Chicago, Alton-Wood River area, Bloomington, Danville, Decatur, East St. Louis area, Freeport, Granite City area, Kankakee-Bradley area, LaSalle-Peru-Oglesby area, Peoria area, Quincy, and Springfield."

OPA Imposes Ceilings On Printing Industry

The Office of Price Administration on Sept. 23 imposed specific price controls over about one-fourth of the printing and publishing industry, the dollar volume of the business of which was placed in 1939 at over $2,500,000,000. In size, it is stated, the industry ranks second to the food industry in the number of firms engaged in it and ninth in the value of its products. Approximately 60% of the industry, however, is exempt from price control under Section 302 (c) of the Emergency Price Control Act, which excepted books, magazines, periodicals and newspapers.

The regulation, using March as the base pricing period, places ceilings on the sales of approximately 175 standard and semi-standard printed products and also on the printing services used in producing them. The OPA also issued amendments under the General Maximum Price Regulation listing types of printed articles and printing services which are removed from price control.

The action was necessary, OPA explained, in order to provide the industry with a single clear-cut price order specifying which services were under the ceiling and which were exempt because their value depends on editorial, idea or information content.

Regarding the order, the Associated Press stated:

"On the controlled list in the new order are such items as greeting cards, loose-leaf binders and fillers, printed social stationery, tablets, diaries, mottoes, commercial letterheads and calendars, labels for cans, bottles and boxes, legal forms, checkbooks, souvenir post cards, and stenographers' notebooks.

"The expanded list of exempted items was contained in amendments to the general maximum price order, under which the industry formerly operated. Besides books, magazines, periodicals and newspapers the exemptions were enumerated as follows:

" 'Pamphlets, leaflets, sheet music, music rolls, stamp albums, maps, charts, catalogs, directories, programs, house organs, menus, advertising matter printed on paper (except such articles as containers, labels and book matches, the form of which serves a purpose other than that of advertising), timetables, tariffs and price lists.'

"Also removed from price regulation were services, such as typesetting, platemaking, binding, printing and the like rendered in connection with the production of the exempt articles.

"About 60% of the industry thus was excluded from price control. In addition, the new order exempts sales by any printer whose total gross sales in 1941 of printing and printed paper products were $20,000 or less.

"For wholesalers, retailers, jobbers, supply houses and stationery stores reselling the controlled commodities, the regulation repeats the pricing and record-keeping provisions of the general maximum price regulations so that dealers may continue these former practices uninterrupted. The blanketing of all sections of the industry in a single order simplifies pricing problems of printers who also sell at retail, it was explained, and of stationers who also do job printing."

Labor Department Reports On Factory Workers' Hours And Earnings In July

Wage earners in manufacturing industries averaged 85¢ an hour in July, an increase of 1.1% over June and 14.2% over July of last year, Secretary of Labor Frances Perkins reported on Sept. 20. "Overtime premiums, wage-rate increases and expansion of working forces in industries where relatively high wage scales prevail accounted largely for the increase over the year interval," she said.

Secretary Perkins further stated:

"Gains in average hourly earnings were most pronounced in the durable-goods industries, which account for a major portion of the war production. Hourly earnings of workers in these industries averaged 94.6¢ in July, the gains over the month and year intervals being 1.3 and 14.6%, respectively. Workers in the nondurable-goods industries averaged 73.2¢ per hour—0.8% more than a month ago and 11.5% more than a year ago.

"General wage-rate increases during the month ending July 15 were specifically reported by 1,100 manufacturing plants out of a reporting sample of about 34,000. The increases in these establishments averaged 7.1% and affected more than 565,000 of the 8,800,000 workers covered. Although the average increase (6.6%) for durable-goods workers was lower than for nondurable (8.3%), the number receiving such increases was three times as large for the durable as for the nondurable. The industries in which the largest numbers of workers received increases were shipbuilding (243,078), machine tools (47,100), woolen and worsted goods (35,813), foundries and machine shops (25,950), electrical machinery, apparatus and supplies (18,129), paper and pulp (13,963), and brass, bronze and copper products (12,762).

"The average work week in all manufacturing industries combined (42.4 hours) was 0.5% lower than in June, but 5.7% higher than a year ago. In normal times average weekly hours drop much more sharply between June and July due primarily to shutdowns for the July 4 holiday. This year it is evident that the holiday was less generally observed than in the past. Durable-goods workers averaged 44.7 hours per week, a reduction of 0.8% since June as against a gain of 8% since July, 1941. The work week for the nondurable-goods group was about the same as in June (39.6 hours) but was 2.2% higher than a year ago.

"The fact that the increase over the year in average hours worked per week was about four times as great in the durable-goods group as in the nondurable reflects the accelerated tempo of war production, which is concentrated in the former. Of the 43 durable-goods industries for which man-hour information is regularly published each month, only 5 averaged less than 40 hours per week and 24 worked more than 44 hours. One of these, machine tools, reported an average work week of 52.8 hours, which was somewhat lower than in the preceding month, but 4.4% higher than a year ago. Aggregate hours worked in this industry, however, were higher in July than in June due to the increase in employment over the month interval. Five other durable-goods industries not listed in regularly published tables reported working hours in excess of 50, namely, metal working machinery not elsewhere classified (54.1), machine-tool accessories (53.2), pumps (51.8), sewing machines (50.9), and motorcycles (50.6).

"The average weekly earnings in all manufacturing industries combined were $38.52 in July, an increase of 1.1% over June and 22.9% since a year ago. The average for the durable-goods group rose 1.1% over the month interval and 25.3% over the year interval to reach a level of $44.61 in July. Nondurable-goods workers earned on the average $28.61 in July, which was less than two-thirds the average weekly wage of the durable-goods workers, but which, nevertheless, represented gains of 0.7% since June and 14.7% since July a year ago.

"Only two of the nonmanufacturing industries surveyed (telephone and telegraph and anthracite mining) reported slightly lower average hourly earnings in July than in June, but all showed increases over a year ago. As in preceding months, the highest average hourly earnings were reported for private building construction workers (115.7¢), bituminous-coal miners (108.7¢), crude-oil production workers (99.6¢), and anthracite miners (98.2¢). The largest percentage gains over the year were reported for workers engaged in building construction (15.4%), metal mining (14.9%) and quarrying and nonmetallic mining (12.8%).

"Average weekly hours were substantially lower in July than in June in coal mining, metal mining, and dyeing and cleaning, due in part, no doubt, to observance of the July 4 holiday. The average work week in the remaining non-manufacturing industries surveyed did not change appreciably during this period. The largest gains over the year interval were in the mining industries, building construction and street railways and buses, due in part to war demands. Average weekly earnings followed, for the most part the movements shown by the average weekly hours and hourly earnings."

(It should be noted that manufacturing plants converted to war production are continued under their peace-time industry classifications.)

Machine Tool Dealers Required To Register

Automatic licensing of all dealers selling used machine tools or extras, or second-hand machines or parts, was announced on Sept. 21 by the Office of Price Administration. The announcement states:

"Supplementary Order No. 20, effective Sept. 26, 1942, also requires every second-hand machine tool or second-hand machinery dealer to register with the Office of Price Administration, Washington, D. C., on or before Nov. 2, 1942, by filling out OPA Form No. SO20:3. This form is obtainable at the Washington office of OPA or at any OPA regional State or district office.

"A dealer's license may be suspended if he violates any provision of Supplementary Order No. 20 or any price schedule or regulation covering such machine tools and machinery. The dealer thereupon loses his privilege to do business.

"OPA's experience has indicated that licensing of dealers is necessary for effective control of dealings in used machine tools and machinery. 'It has been deemed necessary to issue Supplementary Order No. 20 because of the vital role that used machinery plays in the war program,' OPA said. 'The limitation by the War Production Board of the production of many types of new machinery in order to conserve raw material has served to increase the importance of used machinery in the war effort.' "

Seybold Of Westinghouse Co. Sees Danger In Renegotiation Of War Contracts

In "a summarization of the problem of renegotiation of war contracts," before the Controllers Institute of America in Chicago on Sept. 22, Roscoe Seybold, Vice-President and Controller of the Westinghouse Electric & Manufacturing Co., said that "in my opinion, the law governing renegotiation of war contracts is one of the most far-reaching, dangerous and unnecessary pieces of legislation that has been enacted by any Congress of the United States." The provision permitting the renegotiation by the Government of war contracts yielding excess profits was included in the $19,000,000,000 supplemental war appropriation measure passed by Congress last April, and referred to in these columns April 30, page 1712. It was indicated therein that under the plan agreed on the War and Navy Departments and the Maritime Commission are directed to provide in all contracts and subcontracts over $100,000 that they can be renegotiated and the terms revised if the profits to be realized were deemed excessive. It was further indicated that the heads of the agencies would determine what constitutes excessive profits.

At the meeting addressed by Mr. Seybold, the Renegotiation Act was defended by representatives of the War and Navy Departments and the War Production Board, according to Associated Press advices from Chicago on Sept. 22. The question of a change in the legislation is now before Congress, and on Sept. 23 it was stated in United Press Washington accounts that Army, Navy and Martime officials have urged the Senate Finance Committee to retain the contract renegotiation plan, stipulating the changes, if any, which might be made. In his discussion of the problem, Mr. Seybold said:

"The sections of the act specifically refer to renegotiation when, in the opinion of the Secretary, excessive profits have been realized or are likely to be realized. The question has been raised as to whether or not consideration would be given to requests for renegotiation where, in the opinion of the contractor, the profits are too low. Considering the stringent terms and conditions under which corporations are expected to accept contracts at present, the freedom with which the Government agencies can change manufacturing conditions, and the possibilities of labor and material price increases, there is a great possibility that the contracts may show the manufacturer a loss or extremely low profits. If we must have such a law, renegotiation should recognize the advisability of increasing profits to the contractor as well as returning excess profits to the Government.

"The War Department appears to contemplate the exercise of renegotiation powers by each contracting officer, since the War Department's standard form of renegotiation clause defines the term 'Secretary' as including his duly authorized representative, 'including the contracting officer.' The chances are that in many cases the person to whom this authority has been delegated will not be competent to determine the effect of his determination upon the financial structure of the corporation. Two companies widely located and which under normal conditions are wholesome competitors could possibly be subjected to different interpretations, to the extent that one might be forced out of business and the other have its financial stability enhanced. It would be unfair to consider the machine tool industry, which after this emergency probably will face a business famine, in the same profit class with an industry which can look forward to a reasonable activity in the post-war period.

"Sub-section (h) sets forth that this act will remain in force during the continuance of the present war and for three years thereafter. With this law hanging over the heads of management, how are they going to be able to manage the affairs of their companies intelligently? They will have no assurance as to profits; the balance sheet will be meaningless; they will not be able to determine what to spend for forward-looking development, and to maintain their plant and equipment. A dividend policy would be based only on a guess. Even after the contractor may have reached an agreement that a succeeding Secretary might not reopen the consideration of the contract and demand a lower price.

"How will bankers look upon the credit of the contractor if he were to come to them for a loan and it was known that his financial statements were subject to a possible return of war profits for a period extending until three years after the end of the war?

"What is the situation with regard to the treatment of excess profit renegotiation in Federal income and excess profit tax returns? That is a very serious problem, and must be cleared before any renegotiations are concluded. We are told that the Bureau of Internal Revenue will give full credit for these renegotiated profits. In fact, the Bureau so ruled with respect to a particular set of facts in a letter of Chairman Carl Vinson of the House Naval Affairs Committee. This ruling, however, may be limited in its application and certainly does not cover all phases of the tax problems which may be involved. Up to the present time, we are not aware that any ruling has been published with respect to the tax effect upon renegotiations of sub-contracts.

"The elimination of excess profits is amply cared for by the proposed corporation tax bill now under discussion in Congress. I am entirely in sympathy with a program of taxation that returns to the Treasury all possible funds for financing the war program, and I believe that all industrial corporations realize not only the necessity but the desirability of that sort of program. But the return of excess profits to the Government can be accomplished more equitably and more efficiently by means of a properly developed tax program through the administration of legislation such as Public Act 526."

President Praises Newspapers' War Role

President Roosevelt on Sept. 25 paid tribute to newspapers for the part they have played in the war effort.

In connection with the observance of National Newspaper Week (Oct. 1-8), the President said that its observance "after 10 months of war affords an opportunity to rededicate ourselves to the freedom that is as vital to us as our daily bread—the freedom to think and speak and write the truth as we see it."

The President's message, together with tributes paid by seven Cabinet members, were carried in the current issue of "Editor and Publisher," newspaper trade magazine. "Our free press has not only survived—it is an essential part of the steadying ballast which enables our ship to ride the storm," Mr. Roosevelt added.

President Roosevelt's message continued:

"War imposes grave new responsibilities on all of us, but upon no public servant does the responsibility for truth and integrity rest more heavily than upon the press. Theirs is the duty of keeping the people fully and truly informed. Their correspondents are braving enemy fire to send back the story of far-off battles. Their editors and publishers are deeply aware of their responsibility for the faithful presentation of the news.

"The American people are vigilant of their precious heritage of a free press. They will permit neither its corruption nor its perversion for selfish ends. They will continue to regard it as their strong right hand in war as in peace. I believe that their confidence will be justified."

Secretary of Commerce Jones stated that through advertising and news columns newspapers already have shown their wholehearted desire to aid the war effore. He added:

"This is more than demonstrated by the fact that they have contributed millions of dollars worth of white space to advertise the various governmental activities. News support of many governmental campaigns has been equally generous."

Attorney General Francis Biddle observed.

"Our free American press is the symbol of democracy, symbol we cherish above all others and the one most widely recognized abroad. It is the envy of the world's oppressed peoples — and the bane of their oppressors."

Govt. Control Perils Foreign Trade Of U.S.

The foreign commerce of the United States now is being needlessly handicapped, if not irreparably damaged, as the result of present governmental methods of controlling foreign trade, according to a declaration made public on Sept. 28 by Neal Dow Becker, President of the Commerce and Industry Association of New York, on behalf of exporters, importers, foreign freight forwarders, customs brokers, foreign shippers, warehousemen, transport workers and others dependent on foreign trade at the Port of New York.

Recommended remedies for the situation will be drafted at a public meeting of foreign traders to be held in the grand ballroom of the Hotel Commodore today (Oct. 1).

At the outset the declaration expressed a wholehearted and unswerving support of the Government's plans and program to win the war and asserted that the statement should not be considered as any criticism of the steps necessary to attain victory. From the declaration we quote:

"The Commerce and Industry Association directly represents New York business only, but foreign traders located within the New York area actually control administration, sales financing and other necessary functions of a substantially major portion of the foreign trade of the nation. The detrimental effect of the present governmental regulations controlling foreign commerce applies not only to the trade of this area, but with equal force to the export and import trade of all parts of the country, whether flowing through the Port of New York or other United States ports.

"Those employed in foreign trade fully recognize the need for war-time control in the general interest of the nation and are ready and willing to make every sacrifice that the war situation requires. But the foreign trade community maintains that it has not only the right but the duty to make justifiable and constructive criticism of those regulations and procedures which are unnecessarily severe and wasteful of time and money and which thereby retard our country's prosecution of the war."

FDIC Finds Ratio Of Capital To Resources Declining; Treasury Finds No Cause For Alarm

While the Federal Deposit Insurance Corp. in its annual report issued Sept. 20 appears concerned as to the declining ratio of capital to resources, Treasury officials are not inclined to take the same viewpoint, it was intimated in advices to the "Wall Street Journal" of Sept. 23 from its Washington bureau, from which we quote:

"Washington bank supervisory officials at different times have given notice to banks that the old capital ratio custom is no longer essential to good banking. The banks are major holders of Government securities (non-risk assets) and so long as a high percentage of these assets are in the bank portfolios the capital ratio is considered unimportant.

"The FDIC in its report, however, calls attention to the fact that total capital accounts of insured commercial banks were equal to 8.9% of the total assets at the close of 1941 compared with 14.9% on Jan. 1, 1934.

"But in addition the agency points out that the ratio of capital to risk assets, or loans and securities other than United States Government obligations, are lower than at any time except during the period 1916-1932. Total capital accounts amounted to 22.8% of loans and securities other than U. S. Governments at the end of 1941, compared with 24.2% at the beginning of deposit insurance, and 26.3% at the end of 1934.

"The theory is that to maintain the 1 to 10 ratio the banks would have to either increase capital or cut down on Government bond buying. Bank earnings have not been at the best and bank stocks are probably not considered a booming investment. The result is that the 1 to 10 ratio must give way."

As to the advices contained in the FDIC report for the 1941 calendar year, the corporation is indicated as saying that the Nation's banks entered the war with assets and liabilities in the best condition ever; however, as to the declining ratio of capital to resources, the report said:

"The growth in the resources of the banking system without a corresponding increase in the capital of the banks has diluted the margin of protection at the very time the banking system faces a critical period. Moreover, there is reason to believe that these tendencies will continue, perhaps at an accelerated rate."

In noting this, Associated Press accounts from Washington further stated:

"Discussing improvement in the quality of assets, the FDIC said that its examiners had criticized less than 10% of assets held by banks last year, whereas in 1933 and 1934 they had criticized more than a third of them."

As to the effects of war-time changes on the banks, the report said, in part:

"The transfer of a large proportion of the resources of the nation from normal peacetime pursuits to a war basis will inevitably impose a heavy burden upon the economy, a part of which will fall upon the banking system. Banks are being called upon to assist directly in war finance, and also to make loans to industry, trade and agriculture associated with the war program. Bank obligations and bank assets will probably expand substantially over the next few years. Bank capital, on the other hand, is not increasing correspondingly.

"Rapid changes in the outlook of business always alter the need for credit, and this is particularly evident when the reorientation of the economy is more drastic than at any other time in the nation's history. Some notes which formerly appeared to be satisfactory bank loans have become less readily collectible, some have become of doubtful quality, and some may have to be written off as priorities and other restrictions cut deeper into businesses not directly associated with the war effort. Some securities heretofore considered to be of a quality suitable for bank investment are also being adversely affected. The loans and securities which are likely to deteriorate are not spread evenly throughout the banking system. Thus, while the quality of the assets of the banking system considered as a whole has improved, bank assets in some sections are being adversely affected."

Free Enterprise Urged For Ins. Business

Self-discipline and self-regulation of the insurance business was stressed by Paul F. Jones, Director of the Illinois Department of Insurance, on Sept. 22 in a talk before more than 1,000 agents and executives of stock fire and casualty companies at the 47th annual convention of the National Association of Insurance Agents, held at Chicago.

With respect to governmental control and operations of insurance, Mr. Jones said:

"It is generally becoming the accepted theory that government is responsible for the welfare and security of all of the people. And having assumed that responsibility, the government, like individuals, is taking out insurance against the day when that responsibility must be met. Some of the leaders whose duty it is to consider broad questions of policy and procedure, believe that forces are at work which may ultimately strip from insurance the privilege of private management. They assert and define a movement which has for its purpose the transfer of insurance from private business to government.

"Your opinions as to the merits of governmental against private management may differ. To those of you who lean to the theory of governmental control and operation, let me point out that the over-all record of insurance thus far is an outstanding example of stability, safety and trusteeship. I ask you to weigh that record against your own knowledge and observations of governmental economy, efficiency and integrity.

"I do not imply that there is no need for supervision, the protection of the public against greed, dishonesty and lack of courage that is always present in some measure wherever human frailties are a factor. But this I do know. If you choose to follow along the road of free enterprise, you must assume the burdens that freedom and self-reliance impose."

Director Jones tacitly reminded his listeners that they must give serious consideration to the problems of the day—acquisition costs, the relationship between that portion of the premium dollar which is allocated for losses as against the calculated cost for commissions, service charges and kindred items; to the administrative procedures which involve settlement practices and costly overlapping services.

Mr. Jones commended the splendid record which the National Agents' body is making in the sale of government bonds, and urged the public to continue the purchase of life, fire and casualty insurance, thereby assisting the government in checking inflation. According to Mr. Jones, American life insurance companies purchased a total of $1,231,000,000 of government bonds during the first half of this year. The fire and casualty companies have likewise he said enormously increased their investments in government securities.

Sees Middle Class Liquidated By Tax Bill And Treasury Program; Private Financing Affected

Declaring that not only would the Treasury borrowing program and the House Revenue Bill liquidate the middle class, Ellsworth C. Alvord, attorney and tax authority, further asserted on Sept. 23 that "if the Treasury program were enacted, substantially every business enterprise in the country would have to go to the Government to meet its financial needs after the war—and practically every individual would bear such a load that he would have to ask Government assistance." "There will be no such thing as private financing if the Treasury program is enacted," said Mr. Alvord, in addressing the Controllers Institute of America in Chicago on the subject of "Current Tax and Fiscal Policies and Their Consequences." Mr. Alvord, who is a member of Alvord & Alvord of Washington, D. C., also had the following to say:

"What we need and do not have is a thoroughly prepared, soundly worked-out program for financing the war. This would involve two things: (1) taxation; (2) borrowing. So far we have not had an adequate taxation plan, and our borrowing program is on a day-to-day basis.

"A taxation program should be designated to collect maximum possible revenues consistent with the war, and should have as objectives:

"1. The attainment of maximum war production and the maintenance of the war production program.

"2. Maximum protection against profiteering in war industries and civilian industries.

"3. Maximum preparation for the peace.'

"Both our tax program and our borrowing program should be designed to gixe maximum aid in our fight against inflation. All pronouncements to the contrary, we do not have an adequate program in the fight against inflation. The most important single factor in preparing against inflation is 'no politics.' You can no more win the fight against inflation with a program based on politics than you can win on the battlefield with a program based on appeasement.

"The Treasury program and the Revenue Bill as passed by the House will have substantially no effect in the fight against inflation. They will seriously interfere with war production and have substantially no effect on inflation." Mr. Alvord also said:

"1. We must have maximum taxation of individuals, including those whose incomes are increasing due to the war. Under the House and Treasury programs, $75,000,000,000 of national income now escapes taxation and $40,000,000,000 of increased national income pays little or no tax.

"2. There must be maximum borrowing from savings and from current incomes of individuals.

"3. There must be a minimum Government borrowing from commercial banks.

"4. There should be every possible encouragement, consistent with the war effort, of the production of civilian goods. So far we have learned that price ceilings and rationing do not guarantee an adequate supply of consumer goods. You cannot finance new undertakings (as for the production of substitutes) under the present bills.

"It is not necessary to liquidate the middle class in order to fight the war, as the House bill and the Treasury program would do."

New V.-P. Of Coffee Exch.

Frank C. Russell, formerly Secretary of the New York Coffee and Sugar Exchange, was elected Vice-President of the organization on Sept. 25 to fill the vacancy created by the recent elevation of William B. Craig to President. Mr. Russell has been a member of the Exchange since 1911 and has served on the Board of Managers as Secretary during 15 of the last 20 years. From 1931 to 1932 he held the Vice-Presidency, resigning the post to become the New York representative of the Grain Stabilization Corporation during the period in which they disposed of more than a million bags of Brazilian coffee acquired in the trade for American wheat. Mr. Russell is a Trustee of the Fulton Savings Bank of Brooklyn. Mr. Craig's election as President of the Exchange was noted in these columns Aug. 27, page 728.

Atlantic Charter For Business Proposed By Witherow

An "Atlantic Charter for Business" was proposed before the Convention of the Controllers Institute of America on Sept. 22 by William P. Witherow, President of the National Association of Manufacturers, who in making the suggestion said:

"To paraphrase our President and Mr. Churchill, we need an Atlantic Charter for Business. Our four freedoms well could be:

"One, freedom from inflation that will saddle the country with a blown-up war debt and keep our grandchildren paying and paying and damning our stupidity.

"Two, freedom from unwise taxes that would deplete the essential resources of industry and invite post-war economic chaos.

"Three, freedom from strikes for the duration as pledged by the leaders of organized labor more than a year ago.

"Four, freedom for management to run its own affairs, as far as is compatible with wartime restrictions, so that it can devote its energies to winning the war of production."

In his address Mr. Witherow warned that "we must eliminate the fear of inflation and its paralyzing influence on our war effort by controlling all of the economic factors known and recognized as the causes of inflation. It is Congress' constitutional duty to write this policy into law." He likewise said:

"We must encourage Congress to pass a tax law that will get enough revenue so that taxes can 'stay put' for the next three years. Remove at least that disturbing factor from the production problem."

Mr. Witherow, who is also President of the Blaw-Knox Co. of Pittsburgh, stated that "there is nothing more disturbing to our war effort today than the Government's indecisions, delays and often conflicting steps on problems that affect the financial structure of industry;" he added:

"How can industry determine costs for any war production project or maintain a true balance sheet when it does not know:

"First, how much it will have to pay in taxes on any work it undertakes;

"Second, what the price ceiling might be on its products next week or next month;

"Third, how much it will pay in wages, and

"Fourth, how the Army or Navy will ask to renegotiate a contract.

"Much could be done to eliminate needless efforts and delays if the Government would in some way correlate its efforts and data on taxes, prices, wages, and the renegotiation of contracts. This would free management of many distractions and expedite war production."

As to the tax and wage-stabilization measures Mr. Witherow had the following to say in part:

"We must look to taxes for revenue to pay for the war. We must also look to taxes to sop up excess purchasing power, to ward off and stop inflation.

"This fiscal year alone our Government will spend about $72,000,000,000, and the war costs appropriated and authorized now total $214,000,000,000.

"To help pay this staggering sum the Treasury estimates that we will raise this year, under the provisions of the present Senate tax bill, less than $26,000,000,000. This will be but 36% of our first year's war bill. . . .

"Our national income this year will reach a record high of $112,000,000,000. Industrial profits are now on the toboggan slide, but wages and salaries continue to climb. In this year alone, they'll increase about $13,000,000,000.

"Yet business alone will be paying in taxes $2,500,000,000 more than 132,000,000 Americans will pay in individual income taxes.

"Wages and other increases have placed a tremendous wartime burden on industry. War taxes alone tend to erode the working capital of business enterprises, simply because the taxes are imposed at the very time when the working capital is needed desperately to keep factories going at top speed.

"The problems that loom in the post-war era magnify industry's financial problem. Re-conversion from war to peace production will be costly. If industry is bled white, its capital reserves will be too weak to re-convert and to provide needed employment.

"A recent study of the National Association of Manufacturers, covering 2,225 corporations, shows graphically the effect of war on the working capital resources of business concerns. Let me outline its findings.

"Study indicates that these corporations will earn a little more than $3,500,000,000 before taxes this year. That's a tremendous amount. Who gets it?

"The Federal taxes, as envisioned by the Senate measure, will absorb more than 70% of this total. This will leave about $900,000,000. Who gets it?

"The 2,225 corporations will be required to spend more than $2,700,000,000 to finance larger inventories and accounts receivable and to repay debts.

"They will have only $900,000,000 in profits with which to pay this $2,700,000,000. The difference of $1,800,000,000 will have to come from cash resources or increased borrowing.

"Who gets it? The stockholders.

"This depletion of working capital highlights the need for a post-war rebate on industrial taxes. Working capital must be made available for re-converting plants and creating needed jobs. If it's not, there'll be economic post-war chaos.

"The Senate Finance Committee recognized this salient fact when, last week, it provided for a post-war rebate and debt reduction credit of 10% of the total amount of excess profits taxes. This is a minimum needed as a post-war essential.

"While the government is levying heavy taxes on industry, it has failed to date to take essential drastic action to stop inflation.

"When the President enunciated his anti-inflation program last April, it looked as if the Government was ready to bear down. But early this month the President tacitly admitted that his program needs bolstering in two major respects.

"Now Congress is wrestling with the task of stabilizing farm prices. It also may take the bit in its teeth and stabilize wages, as provided for by some bills now pending.

"Since then wage stabilization measures have been introduced in Congress. In the House there is the Steagall Bill and in the Senate the Brown-Wagner Bill.

"Neither Bill, as has been widely pointed out, is adequate to prevent inflation. The House Bill is a stepchild of the so-called Little Steel formula, insofar as its wage stabilization provisions are concerned.

"In seeking to stabilize wages at approximately the present levels, the proposed legislation gives the President authority to adjust sub-standard wages and to eliminate what is called 'gross inequities'. It does not seek to define either sub-standard wages or gross inequities, but leaves this to the discretion of executive agencies to be designated by the President.

"The result is that it allows complete flexibility for increasing any wages that might be called either sub-standard or inequitable. That is precisely the kind of wage stabilization that has been tried without too much success for several months.

"Standards for wages, in some instances, are based on the prevailing wage in a given industry. In other instances, they are based on the prevailing wage in a given locality. Thus there is no one acknowledged basis for determining sub-standard wages.

"In addition, we must recognize that when wages are advanced in a so-called sub-standard industry, the advance may make wages in other industries seem sub-standard. Then, to be strictly fair and logical, something must be done about these newly-created sub-standard wages.

"This creates a vicious circle of wage increases and invites inflation to stick a very large foot inside the door.

"Much the same reasoning applies to so-called inequitable wages. If wage increases are granted to those in the lowest income group in a company, the action may automatically put others in the same company in an inequitable wage category.

"The result may be that those in the higher wage levels will have to be given even larger wage increases in order to maintain an equitable wage structure.

"Again, you have a vicious circle of wage increases that leads to inflation.

"The employer is the last one to want a freezing of wages, which would prevent him from paying higher wages for increased production, for men assuming greater responsibility, and, for more hazardous work. It would freeze the incentive to do anything better and hamper production.

"Business men, it seems to me, will give their unstinted support to any remedial measure that will block inflation and help win the war. They want the job done now, not in piece-meal. Like a dam, an anti-inflation program cannot have any holes in it.

"It is the Government's duty to stop inflation, just as it is the duty of the Army and Navy to specify the kind and type of weapons that are needed to stop and crush the enemy hordes. The military officials are the strategists; industry does not do any arm-chair designing of strategic weapons.

"Industry's job is to keep flowing rivers and rivers of armaments. This is the job it is doing. Since Pearl Harbor, industry's war output has increased 350%. 'This is a good record,' as Donald Nelson recently said, 'but not good enough.' We must step up and up the war output until our enemies are crushed.

"The 350% increase has meant the complete conversion of entire industries from peace to war production."

Urges Issuance Of Larger War Bonds Where Possible

Allan Sproul, President of the Federal Reserve Bank of New York, on Sept. 21 instructed issuing agents for Series E War Savings Bonds that they should issue bonds in the largest possible denomination to regular purchasers of small denominations.

His notice to issuing agents in the Second Federal Reserve District:

"In view of substantial increases in sales of United States War Savings Bonds, Series E, and in the number of issuing agents qualified for sale of such bonds, it seems advisable again to bring to the attention of all issuing agents the fact that no useful purpose is served by issuing to a single purchaser as of the first day of the same calendar month a number of bonds of small denominations, identically registered, instead of a single bond of higher denomination. As we pointed out in our Circular No. 2357, dated Jan. 12, 1942, the regulations governing United States Savings Bonds provide, in effect, that any Series E bond of a denomination higher than $25 (maturity value) will, upon appropriate request, be partially redeemed in multiples of $25 (maturity value) and a bond for the remainder will be issued as of the original issue date of the bond surrendered. The holder of a higher denomination bond may, therefore, redeem a portion of such bond without loss of the earned increment on the unredeemed balance thereof.

"Accordingly, when an issuing agent is requested to issue to a single purchaser as of the first day of the same calendar month two or more bonds of small denominations, identically registered, the purchaser should be urged to take in lieu thereof a single bond of higher denomination. It should be explained to the purchaser that partial redemption of a higher denomination bond may be effected without loss of the earned increment on the unredeemed balance, and it should be emphasized that acceptance of bonds in the largest possible denomination not only will result in substantial economies to the Government and reduction in the work of issuing agents but also will reduce the number of bonds to be held by the purchaser.

"The foregoing instructions are for the guidance of all issuing agents, and should be observed particularly by agents issuing bonds at regular intervals to the same persons, such as employees purchasing bonds under payroll allotment plans."

Damaged Wheat Purchase

Secretary of Agriculture Wickard authorized on Sept. 24 a purchase program by the Commodity Credit Corporation designed to aid farmers whose wheat has been damaged by fungus, such as black point, or which is sprout damaged. Considerable damage has been reported in the Northwest, especially on durum and other spring wheats. The Secretary said that unless some relief is offered by the Government, the wheat that is ineligible for loans will be excessively discounted on the markets. The wheat purchased by the CCC will be sold as feed wheat. For the present all purchases will be made by the Minneapolis office of CCC.

Regarding the plan the Department of Agriculture said:

"Under the program, the CCC is authorized to purchase country-run wheat grading No. 3 or lower solely because of fungus or sprout damage, but containing not more than 14½% moisture. Minimum prices to be paid by CCC for this wheat are 13 cents below 1942 loan values but 4 cents above the 1941 loan value. There is an additional discount of 1 cent per bushel for each 1% damage in excess of 7% total damage.

"CCC was authorized also to buy wheat grading below No. 3 because of factors other than fungus or sprout damage at relative prices depending on its condition. Under no circumstances, however, will wheat grading musty, sour, weevily, or heat damaged be bought under this program."

Steel Operations Increased—Scrap Campaign Continues—New Steel Program Soon Completed

"Observers who have been lukewarm over the probable results of the national campaign to collect iron and steel scrap from homes this week were slowly being forced to take a new view of the scrap situation," reports "The Iron Age" in its issue of today (Oct. 1). "Apparently the influence of the newspapers, which are throwing themselves behind the scrap drive with sometimes spectacular results, is to be a dominant factor this winter in the building of scrap piles," continues the "Age," which further goes on to say in part:

"In some sections of the country so much scrap is being found by the public that problems of transporting, sorting and cutting it to steel mill sizes are developing. Labor shortages in scrap yards may act as a curb on prompt processing of the material.

"Reports from mill centers are that the scrap piled up in the national campaigns has not yet reached mills in quantities sufficient to prevent what can develop into a very serious situation. Enthusiasm being generated by the hunt for home scrap is stimulating the search for industrial scrap, the source of the larger tonnages. Seventy thousand industrial companies will be asked between Oct. 1 and Dec. 31 to dig out the dormant scrap from their own plant properties to help reach the goal of 17,000,000 tons which the combined home and industrial scrap drives must reach by Dec. 31.

"On the priority front the metalworking industry is finding that the wind at Washington can blow in opposite directions at the same time. Information about priorities by which the sequence of production and delivery of materials and equipment to war plants is established falls into two classes. One class deals with the orders and regulations which are actually in effect now. The second class deals with what may happen to the priorities system and concerns new plans, and changes in these new plans and frequently the abandonment of such plans before adoption.

"Frequently industry gets the priority developments which are only in the planning or talk stage confused with regulations which, however inefficiently, are in effect now.

"Still in the talk stage, but highly important to steel producers and consumers because of the apparent failure of the Production Requirements Plan, is the Reese Taylor Plan for steel production and distribution control. The finishing touches were placed on this plan last week when WPB officials, steel advisers and others met at Washington to incorporate some features of the British priorities system.

"American steel men who recently visited England returned much impressed with the British priority setup which hinges on the use of long range programs with specific tonnages of steel allotted as soon as the program is completed."

The American Iron and Steel Institute on Sept. 28 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 97.3% of capacity for the week beginning Sept. 28, compared with 96.2% one week ago, 97.6% one month ago and 96.9% one year ago. This represents an increase of 1.1 point, or 1.1% from the preceding week. The week's operating rate for the week beginning Sept. 28 is equivalent to 1,664,500 tons of steel ingots and castings, compared to 1,645,700 tons one week ago, 1,669,600 tons one month ago, and 1,601,000 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets, on Sept. 28 stated in part: "Increasing concern is being manifested by the War Production Board over prospects for next winter's scrap supply. Conservation division has set 7,000,000 tons as necessary reserve inventory at the end of the year to assure uninterrupted steel production at capacity through the cold months.

"To attain this objective the salvage campaign is being intensified and scrap is being dragged out from many hidden sources. At present the flow is little more than sufficient to maintain steel output at the current high rate, tonnage being laid down for winter use being insignificant. An encouraging feature is the rise in monthly receipts by consumer plants, increasing from 1,869,000 tons in January to 2,400,000 tons in July, although requirements for steelmaking have been consuming this increased volume from month to month.

"While heavy pressure continues for sheared plates October allocations point to easing demand for strip plate and some mills will be able to devote more tonnage to sheets than for some time. This shift indicates that pressing requirements are being met and stocks built up to a safe working margin. Some mills have been given no plate tonnage below the AA groups, with others allocated material as low as A-8-a, though the lower ratings cover little tonnage.

"Delivery promises on sheets are becoming further deferred and many producers refuse to make firm promises. Buying is light, except for government requirements, and the tight situation is due in part to reduced allocations of semifinished steel. In some cases sheet mills are operating considerably below capacity for this reason. Considerable sheet tonnage is on order for use in fabricating landing field mesh. Tonnage on mill books is almost exclusively in top ratings and some producers have more difficulty in meeting sheet deliveries than in plates. Government requirements, formerly almost exclusively in heavier gages, now have broadened to include nearly all specifications, even to cold-rolled electrical sheets.

"Little change is noted in the pig iron situation, October allocations being expected to parallel recent months, with slight changes as more melters engage in direct war work. Sufficient iron is being supplied for all essential needs and melters in nearly all cases are pleased with distribution. Output is being increased steadily and time lost for relining is being cut materially.

"Bolt and nut demand is heavy and manufacturers meet difficulty in view of limited supply of steel bars. On top ratings many can not offer deliveries before next year.

"Program of the Association of American Railroads for 80,000 freight cars in 1943 appears larger than can be realized in view of lack of steel for that purpose and conversion of many carbuilding shops to war production. Requirements for lend-lease and the armed forces are expected to be heavy and will take precedence over domestic car needs.

"August consumption of Lake Superior iron ore totaled 7,155,202 gross tons, slightly under the July figure of 7,175,845 tons. The all-time high was 7,239,788 tons smelted in May. For the year to Sept. 1 consumption was 56,271,764 tons, compared with 49,712,949 tons in the same period last year. Active furnaces Sept. 1 numbered 189, compared with 190 Aug. 1. Ore stocks at blast furnaces and on Lake Erie docks Sept. 1 totaled 43,236,172 tons, compared with 36,468,769 tons a year earlier."

Bard Warns Against Wishful Thinking—"All We've Got" Necessary To Win War

Ralph A. Bard, Assistant Secretary of the Navy, in an address on Sept. 24, in observing that we are going around saying "we can't lose the war," made the statement that "how about for a change, just saying that we are still losing the war" and "realize that we damn well mean it." Speaking before the Industrial Union of Marine and Shipbuilding Workers in New York, Mr. Bard warned that "it will take all we've got to win," adding "what are you going to do about it?"

He called for a "realistic self-analysis" in order to remind the American people that "freedom, like any other virtue, does not exist in a vacuum" but "must be worked and practiced to exist at all."

His address follows in part:

"After the unhappy realization that we had been cruelly outsmarted in the first inning of the war, in the peace and quiet of a Sunday morning, our own tradition of assuming that everything about us was the biggest and the best, furnished us with a compensatory reflex. We fell into the bumptious practice of flexing imaginary muscles, and loudly proclaimed that as soon as we had completed an intensive course at the gymnasium we would get even with our enemies. We began pointing with pride at our resources, and without a blush plunged into the amiable self-deception of using percentages. If two tanks in a 10,000-tank program rumbled out of a factory where one had before, we gloated that production was up 100%.

* * *

"President Roosevelt one fine day reminded the country that it was suffering from too much complacent optimism, and then we went in for pessimism. We government officials have told you and other groups in recent months that we could lose the war. But I suspect that our native conceit has accepted this line of thought as traditional advertising technique, the kind of message which sells hair tonic and cure-alls, full of terror in the first part of the ad and reassurance in the windup—the ads which say you are most certainly damned, but our product can save you.

"It seems to me that our pre-Pearl Harbor egotism had such momentum that it is with us today in distorted and dangerous form. We go around saying 'We can lose the war, but'—We may as well admit it—every time one of us says we can lose the war we think of this as pure rhetoric, part of the old pep talk. The assumption is, of course, we can't lost the war, but scare 'em a little and then in the windup of the talk give 'em the build-up about our great American heritage of freedom and what not, and how our courage and our self-sacrifice will bring us to victory over the forces of evil—and then there will be a people's peace, and amity and justice will pervade the earth, forever after.

"How about, for a change, just saying that we are still losing the war. And realize that we damn well mean it.

"Such realism, no doubt, would be a heart-racking plunge into cold water, but it probably will give us some idea of what we are up against.

"It would remind us that not since the Civil War has this nation been called upon to suffer greatly.

"It might drive us to the realization that morale is the spiritual capacity of a people to endure pain and suffering, and not a campaign of bill posters, pep talks and band concerts.

* * *

"Thus conditioned to the unpleasant task of self-examination, we might ponder whether or not we have temped adversity and slavery by trading our fine-sounding concepts of the freedom and dignity of the individual for a mess of advertising slogans and political cliches.

* * *

"We have been wrangling for months over a tax bill for 1942, which in plain language means that we have been fighting over who is going to pay how much for this catastrophe which has engulfed us. The pressure of rival economic groups, each armed with unassailable statistics to show how that group will suffer injustice if thus and so happens, has ebbed and flowed like the tides for ten months.

"I fail to detect a spirit of sacrifice in these group gyrations before Congress. Neither does it indicate that we have a spiritual grasp of our threatening fate when we sell bonds to help finance a war of survival or extermination on the promise of profitable monetary returns on the investment. I see no fundamental grasp of our predicament in anti-union employers who sabotage production committees for fear that industry will be sovietized, nor in labor union leaders who are so concerned about the competitive position of their own little groups as to examine the war with regard to how their own puny fortunes will be affected if labor unity is achieved or jurisdictional lines are eradicated.

"I think our insufferable and materialistic pride has rendered us incapable of realizing fully that in German Nazism we are fighting a monstrous thing that started out as a god-man complex, and now is fighting to the death whether that god-man complex still exists or not, in the desparate realization that Nazism and the deluded fools who are backing Nazism cannot survive if they do not win and exterminate their victims.

* * *

"We are whistling in a graveyard to keep from facing reality. We prate about our unity of purpose. Then we retire to the woodshed with a sharp pencil and a clean shingle, to figure out whether the agricultural or the petroleum interests will grab the synthetic rubber business, and whether the British-Dutch rubber cartel will be revived after the war to threaten this new industry.

* * *

"And all the time we have a dusty standard in the attic around which we could all rally if we would but break it out and understand its dynamic implications.

"I mean the standard of democratic idealism, which means tolerance, humility, sacrifice and understanding of the meaning of human dignity. It is standard fashioned for us long ago, in suffering and hardship, by our forefathers. We put it away and took instead the billboards which proclaimed us the strongest, greatest and most superlative people that ever put in two and got out five.

* * *

"At this point I should shift gears and wind up with predictions of a glorious finish of our uphill fight.

"But I'm not going to do it.

"We are still losing this war. And we should damn well understand it.

"It will take all we've got to win—what are you going to do about it?"

Treasury Revises Rules Of Frozen Funds

The Treasury Department has revised several regulations governing frozen funds of nationals of enemy countries or areas under enemy control, including a provision to permit over-the-counter sales of Government securities from blocked accounts.

According to Associated Press Washington accounts of Sept. 23, the revised regulations do not change existing rules governing such sales on national securities exchanges. The advices added:

"One amendment requires special licenses for the use of blocked funds in payment of Government obligations other than customs duties, taxes and fees; and at the same time eliminates the necessity of reports of some types of payments under $1,000.

"In some instances the new rules no longer require reporting of payments from the accounts of American citizens who are in the Netherlands West Indies. At the same time, the Faroe Islands and the New Hebrides Islands are brought under a general licensing arrangement."

August War Spending Was Over $5 Billion

War expenditures of the United States Government in August were $5,182,000,000, the War Production Board announced on Sept. 16. This includes Treasury disbursements and estimated Reconstruction Finance Corporation expenditures.

The August total compared with $4,794,000,000 spent in July, a rise of 8.1%, and with $1,196,000,000 in August, 1941, an increase of 333.3%.

The daily rate of spending in August was $199,300,000, up 8.1% from a daily rate of $184,400,000 in July. The percentage of gain over the previous month was 16.3% in July and 6.3% in June.

Total Federal expenditures for war purposes from July 1, 1940, when the national defense program began to gather momentum, through the end of August, this year, were $44,741,000,000.

This can be broken down for the 26-month period as follows: War Department, $23,372,000,000; Navy Department, $13,271,000,000; Maritime Commission, $1,370,000,000; other war agencies, $6,728,000,000.

Lend-Lease expenditures have not been separately reported since the end of June. In the breakdown above Lend-Lease items have been included in the figures for the agencies through which expenditures were actually made. At the end of June, Lend-Lease expenditures totaled $4,098,000,000, or 11.8% of total Federal war expenditures of $34,765,000,000 as of that date. In June, 1942, Lend-Lease expenditures totaled $665,000,000, or 16.1% of the June total, indicating that the proportion of Lend-Lease was greater in June than the average for the two-year period ended with fiscal year 1942.

Ill.-Wis. Savs.-Loan Investment Increase

The 289 Illinois and Wisconsin savings, building and loan associations, which have their share accounts insured, gained $11,922,488, or 4.5% in private share capital during the first half year, it was reported on Sept. 28 by A. R. Gardner, President of the Federal Home Loan Bank of Chicago, which serves that district. Along with this anti-inflationary activity reflecting money saved instead of spent, Mr. Gardner indicated that the associations' borrowings from the Federal Home Loan Bank decreased by $5,500,000 during the first half of 1942. The gain in savers' funds was $3,000,000 less than in the last half of 1941 for this same group of institutions, it is stated. In comparison with the first six months of 1941, net gain tapered off considerably, Mr. Gardner said, but he pointed out that the holdings of members' saved and invested funds are still pointing definitely upward. Private share capital in these associations on June 30, 1942, was $277,242,347, or about $33,000,000 more than twelve months before.

From Washington

(Continued from First Page)

though I know any number of drunks who have contested the latter who will challenge that statement. A friend of mine not so long returned from Japan seems never to be excited when he hears of the reported brutalities practiced upon Americans by the Japanese military. They do their own people the same way, he avers. They are just that way.

One distinct difference between the British and Americans on the one hand, and the great majority of the other nationalities, seems to be that we do not shoot and kill or torture upon the slightest controversy while most of the other races do. Even among our neighbors, the Latin Americans, an editor can't show his two-fistedness in an editorial and accuse the other fellow of being a blankety-blank without having to shoot it out in a duel. That sort of stuff crimps an editor's style, or at least it would crimp the style of most of us American writers or editors.

My point is that we Americans associate dictatorships with this sort of killing and brutality and above all, one overall brute of a figure who just orders people shot right and left. This conception of ours is an old hangover from the Kings who used to behead their wives just for the fun of things.

Well, the plain fact is that no bully, no big shot, can attain and hold such power unless he has a "following." I get quite provoked every now and then when I hear some fellow confidently say that "the American people can vote the New Deal out of office any time they want to; therefore we are a Democracy."

The manifest thing is that the German people can throw Hitler out of office when they so will; the Japs can throw Hirohito out of office; the Russian people can overturn Stalin. It is utterly absurd to think that one big shot and a small group of satellites around him can hold out against a million people, for example. This would seem to be elemental but it is apparently the American conception of dictatorship.

The reason it is more difficult for the people of Germany, of Japan, of Russia, to change their Government, than it is for the British or us, is that those Governments are better "organized." The more "organized" a country is, the more difficult it is for the dissentients to accomplish their disapproval.

On the face of things, you would say: there are roughly 130,000,000 people in this country. Whenever a majority of one of that group going into the ballot boxes, vote against a particular Administration, then it is out. If that majority of one were to do that, there is not the slightest question that the Administration would be out. On the same basis, if the majority of the people of Russia, Japan, Germany or any other country under the sun would express themselves against the Government in power, it would be out.

But neither voting nor expression of a people is quite that simple. The more "organized" a country becomes the more difficult it is to get a majority to express themselves. This country is organized into blocs. First and foremost in the New Deal calculation of things is the Southern bloc. It is simply nonsense to say that in that section of the country you have a free vote. The determining vote is the primary. In this vote over which the Federal Government has not had any control, and in every Southern State about which I know anything, the political bosses know HOW you vote. There is a ticket on your coupon to correspond with your name on the registration book, and with the ballot which you stick into the box. Along with this Southern bloc, built along old Civil War racial lines, we have other blocs built along racial lines. A fact long recognized by political leaders is that people in this country vote according to their racial origins. We put a man on the Supreme Court BECAUSE he is a Catholic or a Jew. In particular States the political leaders would not think of getting up a slate without all of the racial origins being represented.

The thing for a Dictator to accomplish here, as it would be in any other country, would be to amalgamate enough of these groups—to the racial and sectional blocs, I want to add the farm bloc and the labor bloc—and he establishes a definite control of Government. That is what has happened in this country. What amuses me is to see the Eastern editors, whenever these blocs get to fighting, such as the labor bloc versus the farm bloc, take sides with one or the other, instead of glorying in the fact that they should be fighting and therefore giving trouble to the would-be coordinator.

The trouble with us when contemplating a Dictatorship is that we think we are free when a drunk in a saloon can say he doesn't like the Government. We think that is freedom of expression. The fact is that drunks can get by with that pretty much all over the world. Dictators do not worry about anybody unless he is important and has influence. And the important and influential people of this country who run up against the New Deal today get into trouble. They are not carted off to Siberia. But the economic squeeze against them is nobody's business. Dictatorship is a very subtle thing. It is a commentary on freedom that most of the people who have Dictatorship would deny they've got it.

Studies War Contract Renegotiation Changes

(Continued from first page)

plete action on the tax measure before next week.

With regard to Senator George's plan, United Press advices said:

"His proposal would impose a 100% levy on all profits exceeding 5% on ordinary war contracts after payment of all other taxes. In cases where the contract calls for the Government to furnish both capital and facilities, the impost would apply on all profits above 1%

"For example, a firm earning $500,000 on a Government order after payment of ordinary taxes would be permitted a profit of $25,000—or 5%—and the remaining $475,000 would be taken by the Government as 'excessive.' A company with the same earnings but whose capital and plant were provided by the Government would pay $495,000 in 'excess' profits and keep only $5,000, or 1%."

President Warns Scrap May Be Confiscated

Urging greater contributions to the scrap metal collection campaign, President Roosevelt warned on Sept. 15 that if the present drive does not succeed the Government will have to take the needed scrap from its owners. The President said the country has not yet reached the point of taking metal door knobs and ornamental iron work but added that if the people do not speed up their scrap collections, more drastic steps will be taken by the Government. He expressed the opinion that homes and farms have not been thoroughly searched. Mr. Roosevelt pointed out that a painstaking search of the White House mansion and executive offices during a three-month period had yielded about five tons of metal scrap.

Nationwide Gasoline Rationing Ordered—Speed Limit For Automobiles 35 Miles

Price Administrator Leon Henderson on Sept. 26 announced that the merger of the Nation's gasoline and tire rationing program, to control the mileage of all passenger automobiles according to the degree of essential use, would go into effect throughout the country about Nov. 22. At the same time, Joseph B. Eastman, Director of the Office of Defense Transportation, ordered a Nationwide speed limit of 35 miles an hour for all rubber-tired vehicles, except common carriers, to become effective on Oct. 1. The ruling will become effective on the common carriers—trucks and buses operated on regular schedules over regular routes—on Oct. 15. The two-week delay in the case of the latter was given to permit them to make necessary adjustments. Both moves were ordered on Sept. 25 by William M. Jeffers, Rubber Administrator.

The only vehicles not included in the speed limit are those of the armed services or cars operated in emergencies for the protection or preservation of life and health or for public safety. However, the latter must not be driven "at a rate of speed in excess of that which is reasonable under conditions prevailing at such times."

To Follow Eastern Plan

The new nationwide gasoline rationing plan, according to Mr. Henderson, will follow the plan now in operation for the 7,500,000 automobiles in the East, with each of the country's 27,000,000 car-owners getting a basic A-book allowance of enough gasoline for 2,880 miles of driving a year, figured at 15 miles to a gallon. Additional gasoline will be allowed only on proof of need and in quantities strictly limited to the degree of essentiality to the nation's war effort.

This gasoline rationing system will then be meshed into the tire rationing program to bring the over-all mileage within the limits of the available rubber supply, with use of tires being limited to essential needs. Tires on all cars must be submitted every 60 days after rationing starts for "on-wheel" inspection. Compliance with the 35-mile speed limit will be a basic requirement for obtaining both tire and gasoline ration allowances.

The nationwide mileage rationing plan was worked out by the OPA following publication of the Baruch Committee's rubber conservation report on Sept. 10. These advance preparations make it possible to have the system in operation two weeks sooner than otherwise would have been possible, Mr. Henderson said.

Some 20,000,000 passenger cars outside of the present gasoline rationed area will be included when the plan goes into effect, he went on. He estimated that mileage rationing would cut the use of private passenger cars almost 60% from the normal rate.

Owners of cars in the area to be included will be required to register to receive their books. The time and places for this registration will be announced later.

Additional mileage up to 470 miles a month may be obtained by the motorist who can show that the "A" book is not sufficient to meet his occupational needs, and who shows either that he has formed a car-sharing club to keep his car filled to capacity while in use, or that he has been unable to do so and that there is no other means of transportation available to him.

As in the Eastern rationed area, a special "preferred mileage" category will be provided for 14 types of occupations deemed essential to the war effort and to the public health and safety. These rations, issued through a "C" book, are tailored to meet the need without a specific ceiling on the mileage.

The deviations from the system in the East will not be great, it was said, since the Eastern plan was designed for possible extension. It already has reduced average passenger car mileage almost to the objective of 5,000 miles set by the Baruch report.

The changes required for the rest of the country will be incorporated in the Eastern plan when nationwide mileage rationing becomes effective, so that all cars throughout the country will be operating under a single set of rules, Mr. Henderson said.

National rationing of gasoline will require the setting up of an extensive organization to issue the books and handle the supplementary applications. Local rationing boards will be asked to augment their staffs with temporary volunteer workers to handle the extra work, and instructions will be sent to them well in advance of the registration period.

Supplying the necessary coupons and forms and organizing for the undertaking is a task which will require more than six weeks to complete, Mr. Henderson estimated.

He said orders have been placed for the safety paper and the printing of 60,000,000 books of gasoline ration coupons, 91,000,000 gummed sheets for preservation of the coupons as the service stations receive them from the motorists, 60,000,000 application forms and some 100,000,000 copies of audit control forms, regulation books, instruction guides and other necessary forms.

Present Prosperity of Agriculture Seen As Occasion To Abandon Subsidies

In a discussion as to "How War Has Affected Farmers," it is pointed out by the Guaranty Trust Company of New York that President Roosevelt's recent ultimatum to Congress, in which he demanded measures to close the principal gaps in the existing controls over basic elements of the Nation's price structure, has been met by Congressional action tending to nullify the proposed tightening of control over prices of farm commodities. These comments are made in the company's monthly review, "The Guaranty Survey," published Sept. 28. It is noted that "prices of agricultural products and farm income are still sustained by a system of crop loans and Government payments that began in a depression emergency," and that "programs pursued have resulted in the continued holding by the Government of stocks of commodities acquired in support of prices." With respect to many farm commodities, including most of the animal products, the depression emergency that gave rise to this condition has passed, says the "Survey," which also says:

"Another and more critical emergency is now faced by the whole nation. Heavy sacrifices have to be endured. Some reduction of standards of living maintained in time of peace is necessary. And unless the economic sacrifices are shared in approximate conformity with relative abilities, they needlessly weaken the foundations of general business and of the war effort as a whole. Any use of subsidies to avoid a common sharing of the burdens that war imposes on the nation or to provide the basis of higher living standards for a major group is possible only at a cost to other groups."

According to the "Survey," "the present prosperity of agricultural industry provides occasion to begin an abandonment of the habit of reliance on subsidies." "But," it says, "positive action toward such a reformation is no apparent part of the programs now in effect or contemplated. There is evident, instead, a purpose in influential quarters not merely to preserve the subsidy system but to expand it." In part, the "Survey" continues:

"A bill passed by the House of Representatives on Sept. 23 would authorize mandatory crop loans at 90% of a new and higher parity instead of the 85% of the old parity provided by the present law. The new measure would authorize the President to place ceilings on prices of farm products at 100 instead of 110% of parity, but at the same time would require that the cost of all agricultural labor, including that performed by farm households, be made a factor in computing the parity figure. It is estimated that this change would raise the parity level by 12%, more than offsetting the reduction of the limit on price ceilings.

"If the permanent position of the country's farming industry is to be one of normal independence, if we are to have an agricultural system geared to participation of the United States in world trade that will promote the fullest practicable use of all our resources, it will be necessary to solve the long-standing basic problem of harmonizing prices of exportable farm products here with values abroad. A possible alternative will be a deliberate movement toward economic isolation, a step which would not be in accord with the present spirit of the American people nor in the interest of the United States. Already pointing in that direction is the largely artificial structure of farm prices. No adequate foundation for price relationships that are essential in the maintenance of international trade can be based upon a system of chronic public relief for farmers.

"The main objective of the Government's farm policy—restoration of the average relative level of agricultural prices that prevailed just before World War I—has at last been attained; and the attempt at stabilization of prices in general makes the present period especially unsuitable for the retention of the new and higher standard for farm prices—110% of parity—contained in the present law or for the substitution of a higher parity level."

War Bond Sales Down

Sales of War Savings Bonds in August totaled $697,300,000, compared with a quota of $815,000,000, the Treasury Department's War Savings Staff recently revealed. Approximately two-thirds of this amount, or $454,000,000, represented sales of Series E bonds, while the sale of Series F and G bonds combined amounted to $243,300,000. This was the third successive month that sales failed to meet quotas. In June only $633,900,000 of an $800,000,000 quota was filled and in July $900,900,000 of a $1,000,000,000 goal. The first quota month, May, was the only time sales exceeded the goal, $634,400,000, against $600,000,000.

The September quota has been set by the Treasury at $775,000,000, which is considerably lower than recent months, but Treasury officials explained that this does not mean a departure from the fiscal year War Bond goal of $12,000,000,000, since they intend to fix quotas for the winter months at more than $1,000,000,000 to make up for the slack months. It had been earlier explained that due to seasonal variations in income the monthly quotas would not be uniform.

Realtors Will Study War Workers Migration

The Society of Industrial Realtors, through its newly-formed Post-War Industrial Plant Commission, has opened a factual study of past big emergency population movements into American cities to find, if possible, what may be expected after the war.

Assumption is frequently made that when the war is over the transplanted workers and their families, generally speaking, will pack up and go home. The Society's Commission and the parent National Association of Real Estate Boards will study before-and-after Census figures for cities having previous sudden huge in-migrations at a time of crisis to ascertain how far the influx of new population remained as permanent growth. Human dislike to be uprooted is strong. If it is found that a large share of in-migrants may ordinarily be expected to remain in their new locations then both city planning and private business plans in the real estate field may well take account of the probability, the Commission believes.

Working co-operatively with government agencies concerned with post-war readjustment and with other business groups now helping to formulate post-war plans, the Commission will study what should now be done toward a sound post-war industrial pattern and a sound growth pattern for American cities. An important part of its current study will be consideration of the major population redistribution which occurred in 1940 and 1941 and has only recently begun to taper off. Much important work in the measurement of this tide has already been done by the Tolan Committee of the House, which has investigated in-migration in connection with the national war program.

Walter S. Schmidt, Cincinnati, President of the Society, states: "Vital wartime changes in industrial activity have overloaded certain communities by an unprecedented production expansion and have depressed others by reduction of industries not of a war character. As the war continues these divergent movements will be exaggerated.

"Because of the great mechanization of the modern U. S. Army and increased use of airplanes as war tools the present war has caused more serious repercussion of the kind on our communities than did the last war period. Meantime our cities, even in peacetime, suffered from insufficient industrial planning, since we as a nation made a change-over in little more than 30 years from a predominantly agricultural economy to an industrial economy. In that change-over there was not sufficient time for adequate city planning. The revamping of our cities for post-war conditions, including forethought for efficient relationship of industry to the city, is a major need for which we need already to take thought."

Dutch Economic Mission

The Netherlands Government in London has decided on the establishment in Washington of an Economic, Financial and Shipping Mission of the Kingdom of The Netherlands.

Dr. M. P. L. Steenberghe, who is a former Minister of Trade, Industry and Shipping in the Netherlands Cabinet, will act as Chairman of the Mission and Dr. G. H. C. Hart will be Vice-Chairman. Before coming to the United States, Dr. Hart was Secretary General of the Netherlands Ministry for the Colonies and was for several years Director of the Department of Economic Affairs in Batavia.

The Mission will consist of a Board for the Netherlands, presided over by Dr. Steenberghe, and a Board for the Netherlands Indies, Surinam and Curacao, presided over by Dr. Hart.

In making this announcement, the Netherlands Embassy further said:

"The various economic and financial interests of the Kingdom of the Netherlands—in the European part as well as in the parts in America and Asia—as far as they are related to the United States and eventually to other countries of the Western Hemisphere, fall within the scope of this new governmental body. The Netherlands Government in London felt that owing to the increasing part to be played by the United States in economic and financial matters of the Allied war effort and the problems connected with post-war reconstruction, it was of vital interest to have on this side of the Atlantic a body capable to deal with these various problems. The new Mission will collaborate closely with the Netherlands Embassy and work under the general supervision of the Ambassador."

Cotton Spinning Industry For August 1942

The Bureau of the Census announced on Sept. 19 that according to preliminary figures, 23,954,922 cotton spinning spindles were in place in the United States on Aug. 31, 1942, of which 22,973,572 were operated at some time during the month, compared with 23,111,848 for July, 23,090,560 for June, 23,120,666 for May, 23,100,202 for April, 23,096,479 for March, and 23,042,256 for August, 1941. The aggregate number of active spindle hours reported for the month was 10,981,479,323. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during August 1942 at 136.4% capacity. This percentage compares, on the same basis, with 130.2 for July, 133.2 for June, 138.4 for May, 135.3 for April, 134.3 for March, and 125.4 for August 1941. The average number of active spindle hours per spindle in place for the month was 458.

Hints Postponement Of St. Lawrence Waterway

President Roosevelt indicated at his press conference on Sept. 15 that while the need for constructing the St. Lawrence power and seaway project is very great, plans for its development may have to be postponed in view of the shortage of critical materials. Pointing out that the power project would take three to three-and-a-half years to construct, the President said the question was whether the strategic materials needed should be diverted at this time to the project on the assumption that the war would last that long. Mr. Roosevelt recalled that he had repeatedly asked Congress to authorize the project and that had his recommendation been carried out it would be half completed now. As a result, the President forecast a power shortage for New England and New York State because of increasing war production demands.

On Sept. 13 immediate development of the St. Lawrence seaway was urged by Leland Olds, Chairman of the Federal Power Commission, who in an address prepared for delivery aboard a boat after a tour of Lake Champlain with officials of the National Seaway Council, termed the project "an essential part of our great mobilization for final and complete victory in the war." The President's comments were understood to have been prompted by Mr. Old's remarks, and the President is said to have indicated at his press conference that what he (the President)had to say did not represent a final conclusion against the project, which he has long favored. Conceding the need of the project, the President criticized Congress for its long delay in acting on the plans.

As to Mr. Old's remarks we quote in part as follows from Associated Press accounts from Westport, N. Y.:

Mr. Olds also urged early construction of the Champlain-Hudson waterway cutoff as a correlated undertaking.

The St. Lawrence project would shorten the Midwest-North Atlantic sea freight route, thus relieving hard-pressed cargo vessels and manpower, Mr. Olds said. The power development, he added, would provide electrical energy for an area where it is needed by industry for war production.

Mr. Olds described as "equally important" the construction of the Champlain-Hudson route, saying it would save freighters in the South Atlantic trade 1,300 miles and afford a safe, inland shipping lane to New York City from the Midwest.

The boat trip began Sept. 13 at Burlington, Vt., where New England officials and business men joined the party. At Port Kent officials of New York communities boarded the steamer. Besides the proposed improvement of the St. Lawrence and Lake Champlain navigation facilities the group discussed how the waterways might help ease the Eastern fuel shortage and exploit Adirondack mineral resources.

Residential Real Estate 'Overhang' Down Sharply

War-time demands for housing in many cities helped financial institutions to reduce their holdings of residential real estate by nearly $500,000,000 during 1941, economists of the Federal Home Loan Bank Administration estimated on Sept. 19.

The reduction of the real estate "overhang," marked by increased sales and a declining rate of foreclosures, began in 1939 and is expected to continue strongly this year. The 1941 decline of 27.4% in "real estate held" set a record for post-depression years.

Each of the main types of institutions lending on homes—savings and loan associations, mutual savings banks, commercial banks and life insurance companies—succeeded in reducing its real estate substantially. Both on a percentage and a dollar basis, savings and loan associations led with a 33% cut ($162,171,000), followed by commercial banks with 29.5% ($56,000,000), savings banks, 25% ($100,000,000), and insurance companies with 22.9% (or $108,330,000).

During 1941, the Home Owners' Loan Corporation reduced its real estate holdings by $63,669,000, or 18.8%.

"The large decline which has already taken place in the residential real estate overhang, a relic of the distressed early 'thirties, together with the continued liquidation now stimulated by the housing demand in war industry areas, justifies the conclusion that the 'owned real estate' problem is a condition of the past for lending institutions in most parts of the country," says the report.

"The estimated book value of dwellings owned by private institutions, plus the HOLC, declined from $1,894,077,000 to $1,403,908,000 during the year. Over the 1939-1941 period, residential properties owned by these mortgage lenders dropped $1,330,000,000, the equivalent of one-half of their holdings at the end of 1938.

"These estimates do not include real estate owned by individual investors, closed financial institutions, mortgage companies, trust departments and commercial banks, fiduciaries and endowments, or the holdings of tax authorities acquired through tax sales. However, it is reasonable to assume that the same factors are causing a reduction of their portion of the overhang.

"Prior to 1941, savings and loan associations owned more residential real estate than other types of lenders. At the end of the year, their holdings totaled only $330,000,000, while the $365,330,000 in the possession of life insurance companies headed the list."

The report points out that the majority of properties still in the hands of financial institutions are concentrated in four States—New York, New Jersey, Pennsylvania and Massachusetts—in spite of a decline there during 1941.

OPA Extends Rent Control To 54 More War Areas

In the second largest move yet made by the Office of Price Administration against inflated rents, Price Administrator Leon Henderson on Sept. 16 ordered rents reduced and stabilized on Oct. 1 for all living quarters in 54 more defense-rental areas scattered across the country from Newport, R. I., to Walla Walla, Wash.

In 53 areas the order will cut rents back to levels prevailing on March 1 of this year. In the other area, Choteau, Okla., the freeze date is Oct. 1, 1941.

The OPA announcement explained:

"Fifty million persons will be living in areas under Federal control when maximum rent regulations become effective in the new areas. Over 45,500,000 live in areas now under control. The Oct. 1 action increases this figure by just over 4,500,000.

"To the rent payers among these 4,500,000, OPA's regulations mean that on paying October rents tenants are to pay no more than the rent which the same accommodations were bringing on the maximum rent date, March 1, 1942, or Oct. 1, 1941. The chief exception to this comes when the accommodations have been substantially changed by a major capital improvement. It is not necessary for a tenant to consult with a landlord in making a cut in his rent, nor is it necessary for the tenant to get approval of such a cut from his landlord.

"Adding the 54 October areas to those already under control extends the Federal Government's rent control program to 139 defense-rental areas. To date, 396 defense-rental areas have been designated. By Oct. 1, OPA will be regulating rents in nearly half of the designated areas. However, from a population standpoint, rent control will be operating for than half of the persons living in areas designated thus far. Total population in designated areas is 90,000,000.

"The 54 October areas are spread throughout 27 States. In size, the areas range from the one county in the Silver City-Lordsburg, N. M., area (control is not being made effective in the entire area) with a 1940 population of 4,821, to Rochester, N. Y., with 563,218 (1940 pop.). Among the areas being brought under control are Augusta, Ga.; Fort Wayne, Ind.; Gary-Hammond, Ind.; Battle Creek, Mich.; Warren, Pa.; Newport, R. I.; Memphis, Tenn., and Spokane, Wash."

Factory Employment Up 2.3% In N. Y. State

Seasonal expansion in the clothing industries dominated the employment situation in August, according to a statement issued Sept. 14 by Industrial Commissioner, Frieda S. Miller. Total factory employment in the State increased by 2.3% between the middle of July and the middle of August, while factory payrolls rose 3.7% during the month. The rise in the apparel and related industries amounted to 15.7% in employment and 23.9% in payrolls. In most other industries not engaged in war production somewhat fewer workers were employed in August than in July.

The New York State Department of Labor's index of factory employment, based on the 1935-39 average as 100, was 14.56 (preliminary) for August. The corresponding payroll index was 228.4. During the year from Aug. 15, 1941, to Aug. 15, 1942, factory employment had risen 5.5% and factory payrolls 23.9%. Average per capita earnings were $39.07 weekly in August compared with $38.35 in July and $33.09 in August a year ago. Tabulations of the reports from 2,783 representative factories throughout the State are the basis for this analysis. These tabulations covered a total of 611,520 employees on a payroll of $23,893,817 for the middle week of August. Reports are collected and analysis prepared by the Division of Statistics and Information under the direction of Dr. E. B. Patton.

Ayres Sees Axis Strength On Decline

Brig. Gen. Leonard P. Ayres, Vice-President of the Cleveland Trust Co., declared on Sept. 15 that "whatever the outcomes of the present battles may be, it is clear that all the Axis nations have reached and passed over the peaks of their strength."

Writing in the monthly "Business Bulletin" of the Cleveland Trust Co., General Ayres said: 'They are still possessed of tremendous striking power, and they are still able to wage dangerous campaigns, but nevertheless their strength is now declining while that of the United Nations is increasing."

He specifically referred to the battles being fought in Russia and Libya, saying they "may go toward deciding how long that duration may prove to be, but its length cannot be foreseen now."

Pointing out that September ushers in the fourth year of the war and the tenth month of this country's active participation in it, General Ayres asserted: "In the past ten months we have been progressively realizing that this war really is a world war, and that it is a total war which affects the thinking, the acting, and the manner of life of everyone, everywhere. All business activities are changed by it. In many industries the change is complete, and the manufacturing companies are not only producing goods about which they had no knowledge just a few months ago, but they have so completely converted their plants that they no longer have the facilities and equipment to produce the articles they used to manufacture.

"Conversion to war work is not confined to manufacturing industry. It is progressively continuing throughout almost all forms of business activity, although it is not always recognized for what it really is. Transportation, banking, construction, agriculture, engineering, medicine, and higher education are rapidly becoming subsidiary agencies of our national war effort. War has already become our chief business, and the degree of its preponderance will continue to increase as long as this struggle lasts."

General Ayres says our greatest problem is not that of training armies or of producing munitions but of getting the men and their weapons to the places where the fighting must be done. He added:

"That problem is primarily one of producing, and effectively using, adequate numbers of naval vessels, cargo transports, and cargo planes. That is the essence of our national problem, but our business problems are essential to its successful solution. Those are the problems of individually, collectively, and cooperatively backing up the national effort day by day, and in every way that we can devise and invent."

Higher Living Standard For American People Is Industry's Post-War Objective: Witherow

Industry's post-war objective is a "higher standard of living for the American people—a continuation of the progress from 1790 to 1930," William P. Witherow, President of the National Association of Manufacturers, declared on Sept. 19 in an address before the 24th annual convention of the American Legion at Kansas City, Mo. "The decade of the 1930s," said Mr. Witherow, "was the only one which registered no acceleration in the rise of this standard."

The N. A. M. President, who also is President of the Blaw-Knox Co. of Pittsburgh, spoke on the subject, "Building America's Future."

Mr. Witherow said that in the Second World War "we are fighting for survival," but he took exception to the contention advanced by some that we are "engaged in a world-wide people's revolution." He labeled as "preposterous" the "inference that we are fighting against a constitutional government which provides for a popularly elected President, a popularly elected Congress and courts which enforce our Constitution and laws."

While saying that "certain types of economic planning may be of benefit," Mr. Witherow declared that, "great care and caution should be exercised in their administration." According to Mr. Witherow "the future will not be wholly Washington-made, politically conceived, or fabricated alone by industry or labor. The best thinking of industry, labor, agriculture, politicians and other interested groups," he said, "should be assembled. Then conflicting viewpoints should be winnowed out in preparation for the war's economic aftermath."

Predicting whatever comes of mankind after the war will be based on what we can produce, rather than on what we can dream or promise, Mr. Witherow outlined industry's responsibility for the post-war period as follows:

"Industrial management is keenly aware of its post-war responsibilities—an awareness that is graphically shown in plans being made to meet them. But it does not propose any armchair dreams as objectives.

"The National Association of Manufacturers is urging American industry to engage in research programs designed to meet the post-war adjustment period and create employment. A great number of companies already have inaugurated such work programs.

"The object of the post-war programs it sees evolving is this: a higher standard of living for the American people—a continuation of the progress of 1790 to 1930. The decade of the 1930s was the only which registered no acceleration in the rise of this standard.

"To attain this over-all objective, the National Association of Manufacturers includes in its post-war proposals these fundamental points:

"First, we must rationalize and redetermine the proper relationships between government and industry.

"This calls for a valuation of American business management's ability, resourcefulness and anxiety to serve the public good on the basis of its fabulous war production job. The Axis powers were eight years in war production before we were treacherously involved. Yet American industry has shifted from peace to war production and, less than a year since Pearl Harbor, is approximating the output of the combined Axis countries.

"We also must judge the proper role of government in business on the basis of the gigantic war program. Some government agencies, faced with tremendously involved tasks, have done highly creditable jobs. Some have proved by indecision, jealousy and red tape the fallacy and impotency of bureaucracy. The essential duty of government in business is that of an umpire—that is, to set the rules of competition and require fair play.

"Second, there should be recognition of the need for providing our returning service men with jobs—and with jobs that permit them the freedom to work where they please. This also applies to workers shifted from war industries.

"Third, we should encourage the discovery of new production techniques and products, for we know that in such creative work lies the promise of an ever more abundant world. This calls for the preservation of our Patent System against the current attacks of those who, under the guise of war emergencies, would like to scuttle it.

"Fourth, there must be friendly and honest cooperation between government, American industrial management and labor to create steady employment for the maximum number. To assure this, the currency must be sound, the tax and security laws must provide incentive to save and invest, and the public must be ready to put a brake on booms, for we never have a boom not followed by a depression."

Mr. Witherow called upon the Legionnaires to insure post-war planning in "your own companies, in your own communities, big or small. You, yourselves, can help review every present and possible future activity of your companies and encourage private enterprise to unlock the doors of its wonderful laboratories."

Wilson Of G-E Quits Post To Join WPB

Charles E. Wilson, President of the General Electric Co., was named on Sept. 17 as Vice-Chairman of the WPB and in that capacity will act as Chairman of the newly organized Production Executive Committee, and will exercise the powers of the Chairman of the War Production Board in seeing to it that production programs are met. In announcing the appointment, Donald M. Nelson, Chairman of the WPB, said:

"Mr. Wilson will be the top production authority in the war program and will have the responsibility of seeing to it that programs and schedules for all phases of our war effort are met. I am very glad that we have been able to enlist his services, and I know that he will make a great contribution to the war program."

Mr. Nelson disclosed that he has formed the Production Executive Committee to bring together top officials in the War Production Board, the Army, the Army Air Corps, the Navy and the Maritime Commission to maintain a constant check and control on the production program. This committee will meet twice weekly, under the chairmanship of Mr. Wilson. Its other members will be:

Lieut. Gen. Brehon B. Somervell, Commanding General, Services of Supply, U. S. Army.

Major Gen. Oliver P. Echols, Commanding General, Material Command, Headquarters, Army Air Force.

Vice Admiral Samuel M. Robinson, Director of Material and Procurement, U. S. Navy.

Rear Admiral Howard L. Vickery, Vice-Chairman, U. S. Maritime Commission.

President Roosevelt, in approving the appointment, said that he was very happy to know that Mr. Wilson had been given a Vice Chairmanship of the War Production Board, and added:

"I have always considered Mr. Wilson one of the ablest production executives in the country, and he has done an outstanding job in the production of war material."

In his statement to the company's board of directors, Mr. Wilson said:

"The Chairman of the War Production Board has asked me to become a member of the Board with the title of Vice Chairman and in that capacity to act as Chairman of a Production Executive Committee composed of high ranking officials of the Army, Navy, and Maritime Commission, such committee to have control of production of military supplies.

"The Secretary of War and the Secretary of the Navy have joined the Chairman of the War Production Board in that request. The President of the United States has issued a directive making the appointment. I have accepted the appointment.

"My decision was made only after long and thorough consideration of my responsibilities to those who have trusted me with the management of the General Electric Company, and with whom I have worked for many years. Since the company has bound itself to deliver to our Government war production and services which represent many times its normal peacetime output, there was a real question as to where I might be of the most service at this time. Since it is the feeling of the President of the United States that this service can best be performed as part of the War Production Board, I have naturally responded to his request.

"Accordingly, I am presenting herewith my resignation as President and Director of the General Electric Company and simultaneously presenting my resignation from all other offices and directorships in other companies affiliated with the General Electric Co. I ask that my resignation as President and Director of the General Electric Co. be accepted at this time."

Mr. Wilson, who will serve on a dollar-a-year basis, has been President of General Electric since 1940. Born in New York City in 1886, he has been in the electrical industry since 1899, when he went to work with the Sprague Electric Co. in New York. In 1918, when the Sprague Electric Co. was absorbed by General Electric, he became Assistant General Superintendent of the General Electric works at Maspeth, L. I., and New Kensington, Pa. In 1928 he became Assistant to the Vice-President, advancing to Vice-President in 1930 and to Executive Vice-President in 1939.

At a special meeting of the Board of Directors of the General Electric Co. on Sept. 18, Mr. Wilson's resignation as President and Director was regretfully accepted. In view of the fact that Philip D. Reed, Chairman of the Board of the company on leave of absence is also in the service of the Government, the Directors requested that Owen D. Young, honorary Chairman, and Gerard Swope, honorary President, resume their original responsibilities, Mr. Young as Acting Chairman and Mr. Swope as President of the company. They relinquished these positions on Jan. 1, 1940.

All-Purpose Ration Books

The first "all-purpose" ration book, designed to provide means for rationing any article or commodity almost at the instant the danger of a critical shortage appears, was sent to the printer on Sept. 16 by the Office of Price Administration. The book is the first of four of its general type needed to provide ultimate complete flexibility in the rationing mechanism, the OPA said. A total of 150,000,000 of the new books will be printed, to insure adequate supplies at all distribution points, and distribution will take place when printing is completed, probably around Christmas. The new book will contain 192 coupons on eight pages, each page of separate color, and each coupon separately designated by number and letter. The design makes possible the use of the book for straight coupon rationing such as now used for sugar, or use of the point system whereby the consumer may "spend" his ration on various grades and kinds of a general type of commodity. The book is adequate for rationing of at least two major groups of commodities for a minimum of six months, the OPA said.

Values will be assigned to the new books both as to commodity and unit value as new rationing programs are put into effect, it was said.

Assigns "Free Silver" To War Work

Secretary of the Treasury Morgenthau announced on Sept. 17 that the Treasury is making arrangements for the sale of approximately 5,000,000 ounces of silver to industrial users certified by the War Production Board as in urgent need of silver for immediate use in war production.

The Treasury's announcement further explained:

"The silver which the Treasury is arranging to sell is free silver, classified as 'silver ordinary.' This class of silver has been accumulating over a long period and is composed in part of silver purchased for coinage prior to the Silver Purchase Act of 1934, in part of silver contained in gold deposits, in part of recovered bullion which was lost in the melting and coining processes, and the balance of silver in excess of the amount estimated to be contained in mutilated coins. For many years prior to the passage of the Silver Purchase Act of 1934, small quantities of this class of silver were sold and used in medals which the mints manufactured for private organizations. The Treasury has legal authority to sell the amount now on hand. The Silver Purchase Act of 1934 imposes no limitations on this type of sale.

"This silver has been put aside for use in the event of an emergency. The Treasury has been informed by the War Production Board that there is at present an acute shortage of silver available for the manufacture of essential war materials. The War Production Board has requested that the 5,000,000 ounces of 'silver ordinary' be used to alleviate this shortage.

"The Treasury plans to sell this silver at the price of 45 cents an ounce to those industrial users with high priority ratings who are recommended by the War Production Board."

As previously announced, approximately 1,350,000,000 ounces of free silver have already been made available by the Treasury for use in war plants, under arrangements whereby the silver will be returned after the war (referred to in these columns of Sept. 10, page 904). The remaining 1,550,000,000 ounces of silver held by the Treasury have been monetized and are a reserve against silver certificates.

All "free" silver held by the United States Treasury either has been loaned to war industry or commitments have been made for its use, A. I. Henderson, Deputy Director General for Operations of the War Production Board, announced on Sept. 16.

Mr. Henderson said that "free" silver, that which is held by the Treasury in excess of currency requirements, is needed for war and essential civilian requirements and cannot be released to silverware and jewelry manufacturers, or other makers of non-essential civilian articles.

Current demand for essential use now absorbs all silver imported into the United States and the demand is growing at a markedly increased rate. By early next year it is expected to absorb also all newly-mined domestic silver.

This demand is the cause of the rigid controls now covering foreign silver and will be the cause of a probable extension of similar controls to domestic newly-mined silver in the future.

It was emphasized that while a great amount of "free" silver still is in the Treasury, actual commitments for its use have been made and withdrawals are taking place rapidly.

"In the light of the present outlook the Treasury silver must be regarded as an important stockpile of an essential war material," Mr. Henderson said.

"Guns, planes, tanks and ships are using large and increasing amounts of silver. It is vital that the metal to fill these needs be available."

War Tax Symposium

The New School for Social Research, New York City, announces a 15 weeks' symposium on "Federal Taxation in War Time." The series, of which Alex M. Hamburg, tax counsel, is chairman, will begin on Sept. 29.

Outstanding tax authorities will analyze the new income, war profits, estate and gift taxes. Among the major controversial issues to be dealt with are: the proposed sales tax; a joint return for husband and wife; the exemption of municipal bonds; taxation of capital gains, and of corporate war profits, control of inflation through taxation.

Randolph E. Paul, General Counsel, Treasury Department; Gerhard Colm, principal fiscal analyst, U. S. Bureau of the Budget; Godfrey N. Nelson, secretary, the "New York Times"; John W. Hanes, former Under Secretary of the Treasury, and other tax experts are among the speakers. Lazarus Phillips, K.C., will come down from Montreal, Canada, to discuss "Canadian Tax Policies."

Harley L. Lutz, Professor of Public Finance, Princeton University, will lead off the series on Sept. 29 with a talk on "Tax Policy and Inflation."

A general discussion will follow each lecture.

New Board To Advise Smaller Plants Named

Lou E. Holland, Chairman of the Smaller War Plants Division of the War Production Board announced on Sept. 21 the creation of a board of consultants to serve in an advisory capacity to the Division and also to the Smaller War Plants Corporation.

The board consists of 5 members as follows:

George Trundle, Trundle Enginerring Co., Cleveland, Ohio.

William B. Stout, Stout Engineering Laboratories, Detroit, Mich.

Stanley A. Carlson, Howe Machinery Co., Passaic, N. J.

W. B. Connell, West Side Machine Works, Kansas City Mo.

Ivan L. Johnson, Pacific Steel Casting Co., Berkeley, Calif.

A statement issued by Mr. Holland said that "in the composition of this group of advisers, I have endeavored to combine high talent and practical experience with the problems of small business." In part he added: "These men have agreed to meet from time to time at my call and I am sure that the outside viewpoint which they will be able to contribute together with their intimate knowledge of most of the problems which will confront us will be of the greatest value."

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate rate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Sep. 29	117.44	107.27	117.00	113.89	108.70	92.20	97.00	111.62	114.27
28	117.51	107.27	117.00	113.89	108.70	92.20	97.16	111.62	114.27
26	117.51	107.27	117.00	113.89	108.52	92.20	97.16	111.62	114.08
25	117.51	107.27	117.00	113.89	108.70	92.06	97.00	111.62	114.08
24	117.53	107.27	117.00	113.70	108.52	92.06	97.00	111.62	113.89
23	117.53	107.27	117.00	113.70	108.52	92.06	97.00	111.81	113.89
22	117.53	107.09	117.00	113.70	108.34	92.06	97.00	111.62	113.89
21	117.59	107.27	117.00	113.70	108.52	92.06	96.85	111.62	114.08
19	117.59	107.27	117.00	113.70	108.52	92.20	97.00	111.62	114.08
18	117.62	107.27	117.00	113.70	108.52	92.06	96.85	111.81	114.08
17	117.62	107.27	117.00	113.70	108.52	92.06	96.85	111.81	114.08
16	117.59	107.09	117.00	113.50	108.52	92.06	96.69	111.81	114.08
15	117.62	107.27	117.00	113.50	108.52	92.20	96.85	111.81	113.89
14	117.69	107.09	117.00	113.50	108.52	92.06	96.69	111.81	113.89
12	117.73	107.09	116.80	113.50	108.34	92.06	96.69	111.81	113.89
11	117.75	107.09	116.80	113.50	108.34	92.06	96.69	111.81	113.89
10	117.76	107.09	116.80	113.50	108.34	92.20	96.69	111.81	114.08
9	117.78	107.09	117.00	113.31	108.34	92.20	96.69	111.62	114.27
8	117.75	107.09	116.80	113.31	108.34	92.20	96.69	111.62	114.08
7				EXCHANGE CLOSED					
5	117.80	107.09	117.00	113.31	108.34	92.06	96.54	111.62	114.08
4	117.80	107.09	117.00	113.31	108.34	92.06	96.54	111.62	114.08
3	117.81	107.09	116.80	113.31	108.34	92.06	96.54	111.62	114.08
2	117.84	107.09	116.80	113.31	108.34	92.06	96.54	111.44	114.08
1	117.84	106.92	116.80	113.31	108.16	92.06	96.54	111.62	114.08
Aug. 28	117.85	106.92	116.80	113.31	108.16	92.06	96.54	111.62	114.08
21	117.93	106.92	116.80	113.31	108.16	92.06	96.38	111.44	114.08
14	117.92	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
7	117.97	106.92	116.61	113.12	108.16	91.91	96.23	111.44	114.27
July 31	118.11	106.92	116.41	113.50	108.16	91.77	96.07	111.44	114.27
24	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.62	114.08
17	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
10	118.26	106.74	116.41	113.31	107.80	91.62	95.77	111.25	114.08
3	118.09	106.56	116.22	113.12	107.98	91.34	95.77	111.25	113.89
June 26	118.14	106.39	116.22	112.93	107.80	91.05	95.47	110.88	113.89
19	118.33	106.39	116.22	112.93	107.62	91.19	95.47	110.88	113.89
12	118.33	106.21	116.02	112.75	107.44	91.19	95.62	110.88	113.50
5	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.31
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
High 1942	118.41	107.27	117.00	114.46	108.70	92.50	97.47	111.81	114.46
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago Sept. 29, 1941	119.09	107.62	118.00	115.04	108.88	91.34	96.69	112.00	115.43
2 Years ago Sept. 28, 1940	116.66	104.31	117.00	112.75	103.80	87.05	93.08	109.79	111.44

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate rate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Sep. 29	3.32	2.80	2.96	3.24	4.26	3.94	3.08	2.94
28	3.32	2.80	2.96	3.24	4.26	3.93	3.08	2.94
26	3.32	2.80	2.96	3.25	4.26	3.93	3.08	2.95
25	3.32	2.80	2.96	3.24	4.27	3.94	3.08	2.95
24	3.32	2.80	2.97	3.25	4.27	3.94	3.08	2.96
23	3.32	2.80	2.97	3.25	4.27	3.94	3.07	2.96
22	3.33	2.80	2.97	3.26	4.27	3.94	3.08	2.95
21	3.32	2.80	2.97	3.25	4.27	3.95	3.08	2.95
19	3.32	2.80	2.97	3.25	4.26	3.94	3.08	2.95
18	3.32	2.80	2.97	3.25	4.27	3.95	3.07	2.95
17	3.32	2.80	2.97	3.25	4.27	3.95	3.07	2.95
16	3.33	2.80	2.98	3.25	4.27	3.96	3.07	2.95
15	3.32	2.80	2.98	3.25	4.26	3.95	3.07	2.96
14	3.33	2.80	2.98	3.25	4.27	3.96	3.07	2.96
12	3.33	2.81	2.98	3.26	4.27	3.96	3.07	2.96
11	3.33	2.81	2.98	3.26	4.27	3.96	3.07	2.96
10	3.33	2.81	2.98	3.26	4.26	3.96	3.07	2.95
9	3.33	2.80	2.99	3.26	4.26	3.96	3.08	2.94
8	3.33	2.81	2.99	3.26	4.26	3.96	3.08	2.95
7			EXCHANGE CLOSED					
5	3.33	2.80	2.99	3.26	4.27	3.97	3.08	2.95
4	3.33	2.80	2.99	3.26	4.27	3.97	3.08	2.95
3	3.33	2.81	2.99	3.26	4.27	3.97	3.08	2.95
2	3.33	2.81	2.99	3.26	4.27	3.97	3.09	2.95
1	3.34	2.81	2.99	3.27	4.27	3.97	3.08	2.95
Aug. 28	3.34	2.81	2.99	3.27	4.27	3.97	3.08	2.95
21	3.34	2.81	2.99	3.27	4.27	3.98	3.09	2.95
14	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
7	3.34	2.82	3.00	3.27	4.28	3.99	3.09	2.94
July 31	3.34	2.83	2.98	3.27	4.29	4.00	3.09	2.94
24	3.35	2.82	2.99	3.28	4.29	4.01	3.08	2.95
17	3.35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
10	3.35	2.83	2.99	3.29	4.30	4.02	3.10	2.95
3	3.36	2.84	3.00	3.28	4.32	4.02	3.10	2.96
June 26	3.37	2.84	3.01	3.29	4.34	4.04	3.12	2.96
19	3.37	2.84	3.01	3.30	4.33	4.04	3.12	2.96
12	3.38	2.85	3.02	3.31	4.33	4.03	3.12	2.98
5	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.99
May 29	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
Apr. 24	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
Mar. 27	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	3.32	2.80	2.93	3.24	4.24	3.91	3.07	2.93
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago Sept. 29, 1941	3.30	2.75	2.90	3.23	4.32	3.96	3.06	2.88
2 Years ago Sept. 28, 1940	3.49	2.80	3.02	3.52	4.63	4.20	3.18	3.09

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Sept. 17, 1942, page 995.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association; Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
1942—Week Ended—					
June 6	110,226	120,374	283,390	69	95
June 13	115,300	125,016	274,512	72	94
June 20	98,766	117,924	248,594	69	93
June 27	104,178	120,359	231,368	72	92
July 4	94,257	100,337	223,809	59	91
July 11	92,481	77,996	236,536	52	90
July 18	103,559	114,917	226,341	71	90
July 25	112,513	120,982	219,700	74	89
Aug. 1	119,023	125,653	213,443	76	89
Aug. 8	114,969	121,035	208,769	75	88
Aug. 15	120,262	122,735	208,206	73	88
Aug. 22	124,763	119,299	213,890	74	87
Aug. 29	122,236	124,440	212,953	77	87
Sept. 5	129,486	124,580	218,539	78	87
Sept. 12	106,933	101,891	222,636	65	86
Sept. 19	138,477	132,212	228,355	81	86

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Electric Output For Week Ended Sept. 26, 1942 Shows 13.7% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Sept. 26, 1942, was 3,720,254,000 kwh., which compares with 3,273,376,000 kwh. in the corresponding week last year, an increase of 13.7%. The output for the week ended Sept. 19, 1942, was 14.8% in excess of the similar period in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended Sept. 26	Sept. 19	Sept. 5 & 12	Aug. 29
New England	6.2	7.5	7.9	6.2
Middle Atlantic	8.2	10.2	7.5	5.9
Central Industrial	9.2	10.8	9.2	8.8
West Central	9.8	11.9	10.4	10.4
Southern States	19.9	19.3	13.9	15.6
Rocky Mountain	9.9	12.5	12.0	8.1
Pacific Coast	30.0	28.9	28.2	24.8
Total United States	13.7	14.8	12.4	11.6

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
July 4	3,424,188	2,903,727	+17.9	2,425,229	1,341,730	1,592,075
July 11	3,428,918	3,178,054	+ 7.9	2,651,626	1,415,704	1,711,625
July 18	3,565,367	3,199,105	+11.4	2,681,071	1,433,993	1,727,225
July 25	3,625,645	3,220,526	+12.6	2,760,935	1,440,386	1,723,031
Aug 1	3,649,146	3,263,082	+11.8	2,762,240	1,426,986	1,724,728
Aug 8	3,637,070	3,233,242	+12.5	2,743,284	1,415,122	1,729,667
Aug 15	3,654,795	3,238,160	+12.9	2,745,697	1,431,910	1,733,110
Aug 22	3,673,717	3,230,750	+13.7	2,714,193	1,436,440	1,750,056
Aug 29	3,639,961	3,261,149	+11.6	2,736,224	1,464,700	1,761,594
Sep 5	3,672,921	3,132,954	+12.4	2,591,957	1,423,977	1,674,588
Sep 12	3,583,408	3,222,346		2,773,177	1,476,442	1,806,259
Sep 19	3,756,922	3,273,375	+14.8	2,769,346	1,490,863	1,792,131
Sep 26	3,720,254	3,273,376	+13.7	2,816,358	1,499,459	1,777,854

Utilities Barred By FPC From Shifting War Tax Increases To Consumers

The Federal Power Commission ruled on Sept. 27 that public utility companies may not pass on increased wartime taxes to consumers.

This policy was laid down in an opinion ordering a $5,094,384 reduction in rates for natural gas sold by Panhandle Eastern Pipe Line Co. and its affiliates for ultimate public consumption.

Regarding the Commission's ruling, Washington advices Sept. 27 to the New York "Herald Tribune" said:

Declaring that "the doctrine of unjust enrichment as well as equity and good conscience compel the conclusion that a utility should not be permitted to thwart the purpose and spirit of war price control legislation and the revenue laws by passing such abnormal tax requirements along to its customers as an operating expense to be collected in increased rates' as 'to allow them would in effect impose upon the consumers a sales tax," the Commission says:

"So that there may be no confusion concerning the tax situation in connection with the companies subject to our jurisdiction, where necessary to stabilize utility rates at reasonable levels during the war emergency period, we propose to allow as proper operating expenses only such taxes as may be termed ordinary or normal. For the purpose of distinguishing between ordinary or normal and war emergency or abnormal taxes, we conclude that the basis prescribed in the 1940 revenue act establishes the highest possible level of Federal taxes which may be allowed as an element of operating expense for such purpose. The 1941 revenue act and the pending 1942 proposal certainly reflect abnormal tax requirements for war purposes."

Pointing out that the country is waging a war for survival, the opinion continues:

"It is common knowledge that there will be increased tax burdens resulting from the requirements inherent in a global conflict. Business as usual is out—in fact, a great many so-called 'small enterprises' have ceased to exist. Normal business during this period of grave emergency is at an end. Obviously, no one can expect to maintain a status or condition or business unaffected by the holocaust now sweeping the world. Increased tax burdens must be borne by the utility which enjoys a monopolistic position in the economic field, as well as by others who have no such advantage.

"Moreover, it is evident that Congress intended when it enacted the emergency price control act of 1942, that during the prosecution of the present war, this Commission, in carrying out its regulatory responsibilities, should make every reasonable effort to assist in making effective the national policy of price stabilization. In this regard we will be alert to the necessity for checking unwarranted increases in utility rates which, if permitted, will contribute to the disruptive inflationary process now threatening to destroy our economy."

Savings, Loan Units Half-Way To Bond Aim

Savings, building and loan associations and cooperative banks are half way to their goal of a $100,000,000 investment in Series F and G War bonds and other government securities during the last six months of 1942, with only ten weeks of the campaign behind them, according to the report wired to Secretary of the Treasury Morgenthau on Sept. 26 by Fermor S. Cannon, President of the United States Savings and Loan League and Morton Bodfish, Executive Vice President. The League wired.

"Institutions with only 43% of all assets in the savings and loan system report purchase of $50,088,000 of government bonds during this campaign to help finance the war program. All such bond purchases represent money of savers and investors which has been taken from consumer purchasing power and whose inflationary potentialities have thus been eliminated. We pledge the efforts of League officers, directors and our campaign committeemen to reach the goal for this year and to set and reach a greater goal in 1943."

Mr. Cannon had the following to say in the matter:

"Emphasis has been placed throughout the campaign thus far on the anti-inflationary effects of financing as much as possible of the war program with savings and investments in thrift institutions. States in which the associations have already reached their allotment of the $100,000,000 national quota for this year and are still making new purchases include: Alabama, 121.5% of quota; Arizona, 243.9%; Colorado, 105.8%; Florida, 117.2%; Idaho, 108.8%; Minnesota, 157.4%; Nevada, 555.5%; Oregon, 184.7%; Tennessee, 161.4%; Vermont, 102%; Washington, 122.8%, and Wyoming, 158.9%."

It is added that reports to the League indicate that the associations which have added $50,000,000 to their government bond portfolios in the past ten weeks held $71,700,000 as of July 1 when the campaign started. Thus the reporting institutions, Mr. Cannon indicated, have increased their part in the war financing by some 70% since the middle of this year.

Amend Reserve Rule On Member Discounts

In advices under date of Sept. 24 to members banks in the New York Federal Reserve District, Allan Sproul, President of the New York Reserve Bank, said:

"The Board of Governors of the Federal Reserve System has amended its Regulation A, effective Sept. 21, by adding the following sentence at the end of subsection (h) of Section 1 thereof:

"The requirement of this section of the regulation that a note, draft or bill of exchange be negotiable shall not be applicable with respect to any note, draft or bill of exchange evidencing a loan which is in whole or in part the subject of a guarantee or commitment by the War Department, Navy Department, or United States Maritime Commission pursuant to Executive Order No. 9112."

It may be noted that the executive order referred to relates to financing of war contracts; given in our issue of April 2, page 1360.

Moody's Daily Commodity Index

Tuesday, Sept. 22	234.4
Wednesday, Sept. 23	235.0
Thursday, Sept. 24	234.7
Friday, Sept. 25	235.0
Saturday, Sept. 26	235.1
Monday, Sept. 28	235.1
Tuesday, Sept. 29	235.0
Two weeks ago, Sept. 15	232.2
Month ago, Aug. 29	231.8
Year ago, Sept. 29	213.7
1941 High, Sept. 9	219.9
Low, Feb. 17	171.6
1942 High, Sept. 28	235.1
Low, Jan. 2	220.0

Subscription And Allotment Figures On Treasury Certificate And Note Offerings

Secretary of the Treasury Morgenthau announced on Sept. 19 the final subscription and allotment figures with respect to the Sept. 10 offering of $1,500,000,000 of 0.65% Treasury Certificates of Indebtedness of Series C-1943 and of $1,500,000,000 of 1¼% Treasury Notes of Series C-1945.

For the 0.65% Certificates, subscriptions totaled $1,992,483,000 and allotments amounted to $1,505,727,000. Subscriptions in amounts up to and including $25,000, totaling about $44,000,000, were allotted in full, while subscriptions in amounts over $25,000 were allotted 75%, on a straight percentage basis.

For the 1¼% Notes, subscriptions totaled $3,636,638,900 and allotments, $1,606,178,400. Subscriptions in amounts under $25,000, totaling about $134,000,000, were allotted in full, while subscriptions over $25,000 were allotted 42%.

The details of this $3,000,000,000 offering appeared in these columns of Sept. 17, page 994.

Subscriptions and allotments were divided among the several Federal Reserve Districts and the Treasury as follows:

	Treasury Certificates of Indebtedness, Seriese C-1943		Treasury Notes, Series C-1945	
Federal Reserve District	Total subscriptions received	Total subscriptions allotted	Total subscriptions received	Total subscriptions allotted
Boston	$76,828,000	$58,265,000	$205,103,500	$89,810,000
New York	796,913,000	598,856,000	1,395,075,400	591,894,900
Philadelphia	68,155,000	51,767,000	147,486,000	65,798,000
Cleveland	91,585,000	69,792,000	174,296,200	79,256,200
Richmond	70,531,000	53,606,000	198,923,800	87,804,800
Atlanta	56,161,000	42,791,000	252,202,500	123,290,000
Chicago	507,208,000	382,903,000	532,806,300	237,871,800
St. Louis	73,301,000	56,025,000	98,781,900	48,189,300
Minneapolis	41,878,000	32,466,000	65,357,100	32,978,100
Kansas City	57,960,000	44,248,000	107,355,300	49,976,000
Dallas	40,831,000	31,181,000	107,966,800	49,430,300
San Francisco	111,132,000	83,827,000	347,384,100	148,241,000
Treasury	------	------	3,900,000	1,638,000
Total	$1,992,483,000	$1,505,727,000	$3,636,638,900	$1,606,178,400

Cotton Ginned from Crop of '42 Prior to Sept. 16

The Census report issued on Sept. 23, compiled from the individual returns of the ginners is shown below:

Number of bales of cotton ginned from the growth of 1942 prior to Sept. 16, 1942, and comparative statistics to the corresponding date in 1941 and 1940 (running bales, counting round as half bales and excluding linters):

State—	1942	1941	1940
United States	*2,075,168	2,091,389	1,805,025
Alabama	199,505	250,034	135,073
Arizona	5,194	22,553	16,384
Arkansas	104,702	284,517	34,557
California	257	866	6,554
Florida	9,306	10,889	10,569
Georgia	260,116	262,527	288,524
Louisiana	199,228	100,979	80,300
Mississippi	408,355	384,752	79,297
Missouri	41,510	125,403	3,720
New Mexico	295	35	2,021
North Carolina	56,885	53,969	40,278
Oklahoma	10,254	28,109	17,323
South Carolina	146,403	87,938	154,866
Tennessee	33,630	94,952	390
Texas	598,611	381,620	935,169
All other states	914	2,246	-----

*Includes 48,626 bales of the crop of 1942 ginned prior to Aug. 1 which was counted in the supply for the season of 1941-42, compared with 1,969 and 32,187 bales of the crops of 1941 and 1940.

The statistics in this report include no round bales for 1942; 131 for 1941 and 460 for 1940. Included in the above are 1,204 bales of American-Egyptian for 1942; 2,517 for 1941 and 1,406 for 1940; also 100 bales of Sea-Island for 1942; 327 for 1941 and 316 for 1940.

The statistics for 1942 in this report are subject to revision when checked against the individual returns of the ginners being transmitted by mail. The revised total of cotton ginned this season prior to September 1 is 739,508 bales.

Consumption, Stocks, Imports And Exports—United States

Cotton consumed during the month of August, 1942, amounted to 925,089 bales. Cotton on hand in consuming establishments on August 31, was 1,949,295 bales, and in public storages and at compresses 7,546,268 bales. The number of active consuming cotton spindles for the month was 22,973,572.

In the interest of national defense, the Department of Commerce has decided to discontinue until further notice the publication of statistics concerning imports and exports.

World Statistics

Because of war conditions and the difficulties in obtaining dependable world statistics such data are being omitted from this report for the time being.

National Fertilizer Association Commodity Price Average Shows Further Advance

The weekly wholesale commodity price index compiled by The National Fertilizer Association and released on Sept. 28, rose still further last week, registering the sharpest weekly advance since the issuance of General Maximum Price Regulation No. 1, April 28, 1942. In the week ended Sept. 26, this index stood at 130.0% of the 1935-1939 average, compared with 129.3% in the week previous, 129% a month ago and 116.5% a year ago. The Association's report added:

"A sharp rise in farm product prices, combined with a more moderate increase in foods, was mainly responsible for the upward spurt in the all-commodity price index. The farm product price index moved to higher ground, the result of advancing quotations for cattle, hogs, lambs, wheat and oats, which more than offset declines in cotton, rye and barley. The foodstuffs index rose to 132.2, a new high point, chiefly as a result of continued increases in the prices of butter, cheese, eggs, flour and potatoes. The only group average to register a decline was the textiles index, which was fractionally lower. The index of all commodities except farm products and foods remained at the previous week's level.

"During the week prices of 16 commodities advanced and 10 declined; in the preceding week there were 16 advances and 11 declines; in the second preceding week there were also 16 advances and 11 declines."

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

[*1935-1939=100]

% Each Group Bears to the Total Index	Group	Latest Week Sept. 26 1942	Preceding Week Sept. 19 1942	Month Ago Aug. 22 1942	Year Ago Sept. 27 1941
25.3	Foods	132.2	131.8	129.7	113.7
	Fats and Oils	141.2	140.9	141.2	129.2
	Cottonseed Oil	153.9	153.9	158.4	155.0
23.0	Farm Products	142.1	139.4	140.2	117.9
	Cotton	178.0	178.9	178.0	157.1
	Grains	119.0	116.2	112.2	108.1
	Livestock	142.0	138.4	140.9	112.5
17.3	Fuels	119.3	119.3	118.8	110.8
10.8	Miscellaneous commodities	126.7	126.7	126.8	125.7
8.2	Textiles	147.2	147.6	147.4	138.4
7.1	Metals	104.4	104.4	104.4	103.8
6.1	Building materials	151.5	151.5	151.5	127.6
1.3	Chemicals and drugs	120.7	120.7	120.7	107.6
.3	Fertilizer materials	117.9	117.9	117.8	114.3
.3	Fertilizers	115.3	115.3	115.3	107.1
.3	Farm machinery	104.1	104.1	104.1	99.7
100.0	All groups combined	130.0	129.3	129.0	116.5

*Indexes on 1926-1928 base were: Sept, 26, 1942, 101.3; Sept. 19, 100.7, Sept. 27, 1941, 90.8.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Sept. 19 is estimated at 11,300,000 net tons, an increase of 835,000 tons, or 8%, over the preceding week, in which the Labor Day holiday was observed. Production in the corresponding week of 1941, curtailed by a suspension at "captive mines," amounted to but 10,410,000 tons. Total production of soft coal to date shows an increase of 16.9% over the same period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Sept. 19 was estimated at 1,257,000 tons, an increase of 101,000 tons (8.7%) over the preceding week. When compared with the output in the corresponding week of 1941, there was an increase of 74,000 tons, or 6.3%. The calendar year to date shows a gain of 6.1% when compared with the corresponding period of 1941.

The U. S. Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Sept. 19 showed a decrease of 7,800 tons when compared with the output for the week ended Sept. 12. The quantity of coke from beehive ovens increased 18,000 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM (000 OMITTED)

	Week Ended			January 1 to Date		
Bituminous and lignite coal—	Sept. 19, 1942	†Sept. 12, 1942	Sept. 20, 1941	Sept. 19, 1942	Sept. 20, 1941	Sept. 18, 1937
Total, incl. mine fuel	11,300	10,465	10,410	410,683	351,240	313,371
Daily average	1,883	2,093	1,735	1,835	1,605	1,428
*Crude petroleum—						
Coal equivalent of weekly output	6,304	6,251	6,526	231,940	225,437	207,569

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, 1939, page 702). †Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn anthracite—	§Sept. 19, 1942	Sept. 12, 1942	Sept. 20, 1941	Sept. 19, 1942	Sept. 20, 1941	Sept. 21, 1929
*Total, incl. colliery fuel	1,257,000	1,156,000	1,183,000	43,449,000	40,935,000	50,274,000
†Commercial production	1,194,000	1,098,000	1,124,000	41,276,000	38,888,000	48,654,000
Beehive coke—						
United States total	156,700	138,700	140,100	5,666,800	4,621,300	4,004,100
By-product coke—						
United States total	1,205,200	1,213,000	‡	44,290,600	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

[In Thousands of Net Tons]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Sept. avge.
State—	Sept. 12, 1942	Sept. 5, 1942	Sept. 13, 1941	Sept. 14, 1940	Sept. 11, 1937	¶1923
Alaska	4	4	4	4	3	**
Alabama	321	364	318	284	242	406
Arkansas and Oklahoma	81	89	108	71	56	96
Colorado	148	152	162	132	114	214
Georgia and North Carolina	1	1	1	1	1	**
Illinois	1,193	1,270	1,107	918	806	1,587
Indiana	463	477	457	360	275	550
Iowa	47	50	57	58	59	117
Kansas and Missouri	162	167	143	126	114	168
Kentucky—Eastern	903	954	1,001	769	718	713
Kentucky—Western	222	263	210	170	142	248
Maryland	33	34	44	26	25	40
Michigan	7	9	8	12	8	27
Montana (bituminous and lignite)	78	83	69	52	48	68
New Mexico	28	34	28	20	26	56
North and South Dakota (lignite)	29	31	44	35	29	**27
Ohio	621	679	693	428	417	861
Pennsylvania (bituminous)	2,427	2,650	2,841	2,556	1,988	3,585
Tennessee	133	143	146	111	91	119
Texas (bituminous and lignite)	8	8	6	9	21	26
Utah	94	115	106	86	77	103
Virginia	379	389	426	291	267	245
Washington	34	41	43	38	29	58
*West Virginia—Southern	2,116	2,163	2,407	1,964	1,711	1,474
†West Virginia—Northern	795	893	886	647	493	857
Wyoming	138	157	167	123	103	165
‡Other Western States	††	††	1	††	††	**4
Total bituminous and lignite	10,465	11,220	11,483	9,291	7,863	11,814
§Pennsylvania anthracite	1,156	1,240	1,281	1,057	617	714
Total all coal	11,621	12,460	12,764	10,348	8,480	12,528

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

On Manpower Commission

Paul V. McNutt, Chairman of the War Manpower Commission, announced on Sept. 17 the appointment of Mrs. Anna M. Rosenberg of New York City as Director of Region 2, New York State, for the Commission. Mrs. Rosenberg, who has been New York Regional Director for the Social Security Board for the past six years, is resigning from that position and also winding up her work in the field of public relations, confining her paid activities to government work. In a letter to Arthur J. Altmeyer, Chairman of the Social Security Board, Mrs. Rosenberg pointed out that the "successful prosecution of the war effort" had prompted her to give up her private activities. In addition to her $7,500 Social Security post, Mrs. Rosenberg has received remuneration for her work as a public relations consultant from private employers, this having been indicated in testimony given a House subcommittee some months ago. It is stated that when Mrs. Rosenberg accepted the Social Security post it was with the understanding that it would be possible for her to continue her private activities.

In her letter to Mr. Altmeyer, dated Aug. 21, and made public by the Office of War Information on Sept. 21, Mrs. Rosenberg said in part:

"I may tell you frankly that I feel as strongly as ever that the previous arrangement was entirely proper and I am highly gratified that all officially concerned feel likewise. But, as I say, at this time this is relatively unimportant.

"I therefore wish to inform you that I am now in the process of winding up my work in the field of public relations as rapidly as my commitments permit, and after December, 1942, will confine my paid activities to my work for the Government."

It is understood that Mrs. Rosenberg will receive a yearly salary of $8,000 in her new post.

Mrs. Rosenberg's testimony before a House subcommittee was referred to in these columns May 21, page 1941.

San Francisco Stock Exch. Is 60 Years Old

The San Francisco Stock Exchange observed its 60th anniversary on Sept. 18. In 1882 a group of 19 brokers organized the Exchange, then known as the Stock and Bond Exchange, taking the first step toward maintaining a regulated securities market. The Exchange now has 64 members and owns a 12-story building fully equipped with modern trading facilities.

Operating under war time conditions with many members, partners and personnel in the armed forces, Sidney L. Schwartz again is serving as President for his eighth term. Mr. Schwartz, during his 35 years as a member of the Exchange, has given much of his time and broad experience to its development. Others having the distinction of being members for a quarter of a century or more are Bertram E. Alanson, Gustav Epstein and Frank C. Shaughnessy.

In connection with the 60th anniversary of the Exchange, Mr. Schwartz said:

"In the 60 years since 1882 the leaders of the Exchange have always been alert to changing conditions, ever ready to install new safeguards for the protection of the investor. The past decade has been a stormy one for the investment fraternity, however clouded the present may be—as was said after Dunkirk—there will always be an England—I am fully convinced the securities business will take an important part in the rebuilding after the war—a war being fought, in part at least, to preserve our system of free enterprise along with our other freedoms and rights."

Trading On New York Exchanges

The Securities and Exchange Commission made public on Sept. 25 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Sept. 12, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Sept. 12 (in round-lot transactions) totaled 477,949 shares, which amount was 14.27% of total transactions on the Exchange of 1,675,020 shares. This compares with member trading during the previous week ended Sept. 5 of 427,768 shares, or 13.32% of total trading of 1,606,040 shares. On the New York Curb Exchange, member trading during the week ended Sept. 12 amounted to 62,980 shares, or 11.24% of the total volume of that Exchange of 280,200 shares; during the preceding week trading for the account of Curb members of 76,855 shares was 14.07% of total trading of 273,194 shares.

With respect to the New York Stock Exchange figures for the Sept. 5 week, other transactions initiated on the floor have been revised as follows: total purchases, 56,910 (previously 54,110); total sales, 53,370 (instead of 50,570), and 3.43% (in place of 3.26%). The figures appeared in these columns of Sept. 24, page 1102.

The Commission made available the following data for the week ended Sept. 12:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	966	684
1. Reports showing transactions as specialists	157	82
2. Reports showing other transactions initiated on the floor	126	13
3. Reports showing other transactions initiated off the floor	134	40
4. Reports showing no transactions	612	559

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED SEPT. 12, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	41,310	
‡Other sales	1,633,710	
Total sales	1,675,020	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	113,380	
Short sales	19,250	
‡Other sales	100,850	
Total sales	120,100	6.97
2. Other transactions initiated on the floor—		
Total purchases	74,820	
Short sales	4,500	
‡Other sales	62,580	
Total sales	67,080	4.24
3. Other transactions initiated off the floor—		
Total purchases	43,589	
Short sales	9,650	
‡Other sales	49,330	
Total sales	58,980	3.06
4. Total—		
Total purchases	231,789	
Short sales	33,400	
‡Other sales	212,760	
Total sales	246,160	14.27

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED SEPT. 12, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	2,780	
‡Other sales	277,420	
Total sales	280,200	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	20,230	
Short sales	1,880	
‡Other sales	21,080	
Total sales		
2. Other transactions initiated on the floor—	22,960	7.71
Total purchases	2,710	
Short sales	0	
‡Other sales	3,050	
Total sales	3,050	1.03
3. Other transactions initiated off the floor—		
Total purchases	7,020	
Short sales	200	
‡Other sales	6,810	
Total sales	7,010	2.50
4. Total—		
Total purchases	29,960	
Short sales	2,080	
‡Other sales	30,940	
Total sales	33,020	11.24
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	15,930	
Total purchases	15,930	
Total sales	8,951	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Daily Average Crude Oil Production for Week Ended Sept. 19, 1942 Increased 33,300 Bbls.

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Sept. 19, 1942 was 3,935,750 barrels, a gain of 33,300 barrels over the preceding week. The current figure, however, was 138,450 barrels less than the daily average for the corresponding period of 1941, and was 130,750 barrels below the daily average figure for the month of September, 1942, as recommended by the Office of Petroleum Coordinator. Daily production for the four weeks ended Sept. 19, 1942 averaged 3,871,350 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 85.6% of the 4,800,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,713,000 barrels of crude oil daily during the week ended Sept. 19, 1942, and that all companies had in storage at refineries, at bulk terminals, in transit and in pipe lines as of the end of that week, 80,793,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 11,097,000 barrels during the week ended Sept. 19, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations September	*State Allowables Beginning Sept. 1	—Actual Production— Week Ended Sept. 19 1942	Change From Previous Week	4 Weeks Ended Sept. 19 1942	Week Ended Sept. 20 1941
Oklahoma	415,300	415,300	†376,000	+ 5,800	376,050	428,650
Kansas	285,300	291,900	†301,000	+ 28,350	277,400	258,800
Nebraska	3,900	------	†3,300	— 150	3,300	6,750
Panhandle Texas			90,600	+ 600	86,100	86,200
North Texas			136,900	+ 300	135,100	132,900
West Texas			212,800	+ 7,200	206,350	279,050
East Central Texas			85,700	— 500	84,700	84,750
East Texas			362,400	----	344,700	369,600
Southwest Texas			165,150	+ 950	171,850	217,250
Coastal Texas			324,700	+ 13,800	309,800	292,500
Total Texas	1,397,800	‡1,430,363	1,378,250	+ 22,350	1,338,600	1,462,250
North Louisiana			99,900	+ 2,600	97,950	81,200
Coastal Louisiana			240,400	+ 150	238,200	253,750
Total Louisiana	334,800	347,800	340,300	+ 2,750	336,150	334,950
Arkansas	81,900	75,439	73,350	+ 850	72,300	75,800
Mississippi	50,200		†73,500	+ 150	73,600	55,200
Illinois	289,200		253,400	— 22,600	266,300	412,650
Indiana	19,300		†16,750	— 700	17,400	20,400
Eastern (not incl. Ill. & Ind.)	109,300		97,400	+ 2,200	96,600	93,550
Michigan	66,700		62,900	— 2,900	63,100	52,000
Wyoming	93,400		94,650	+ 7,750	90,200	88,400
Montana	22,800		21,700	----	22,000	20,600
Colorado	7,000		7,000	— 450	6,900	4,950
New Mexico	98,100	98,100	97,650	----	96,500	114,150
Total East of Calif.	3,275,000		3,197,150	+ 43,400	3,136,400	3,429,100
California	791,500	§791,500	738,600	— 10,100	734,950	645,100
Total United States	4,066,500		3,935,750	+ 33,300	3,871,350	4,074,200

*O.P.C. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in June 1942 as follows: Oklahoma, 28,900; Kansas, 4,200; Texas, 99,000; Louisiana, 18,900; Arkansas, 2,800; New Mexico, 5,400; California, 39,700; other states, 19,700.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. Sept. 16.

‡This is the net basic allowable as of Sept. 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 15 days, the entire state was ordered shut down for 9 days, namely, Sept. 5, 6, 12, 13, 19, 20, 26, 27 and 30.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED SEPT. 19, 1942

(Figures in Thousands of barrels of 42 Gallons Each)

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
			Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis					
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,440	88.2	1,591	65.2	4,627	38,640	22,948	18,731
Appalachian	176	84.8	172	97.7	482	2,928	678	523
Ind., Ill., Ky.	804	83.3	779	96.9	2,596	14,200	6,060	3,522
Okla., Kansas, Mo.	416	80.1	366	88.0	1,282	6,759	1,884	1,353
Rocky Mountain	147	48.0	106	72.1	322	1,805	464	566
California	817	89.9	699	85.6	1,788	16,461	12,408	54,640
Tot. U. S. B. of M. basis Sept. 19, 1942	4,800	85.6	3,713	77.4	11,097	†80,793	44,442	79,335
Tot. U. S. B. of M. basis Sept. 12, 1942	4,800	85.6	3,710	77.3	11,255	81,758	43,567	78,633
U. S. Bur. of Mines basis Sept. 20, 1941			4,047		14,236	79,195	50,595	93,919

*At the request of the Office of Petroleum Coordinator.

†Finished 72,346,000 barrels; unfinished 8,447,000 barrels.

‡At refineries, at bulk terminals, in transit, and in pipe lines.

Pa. & Del. Factory Jobs Higher In August

Factory employment in Pennsylvania increased slightly further in August to a new high of about 1,183,000 workers and wage disbursements expanded 4% to a record level approximating $42,200,000 a week, according to reports to the Federal Reserve Bank of Philadelphia from 2,863 establishments. Total employee hours worked rose 2%, following a small decline in the preceding month. During the three war years, the number employed has increased 38%; wage payments 114%, and working time 85%. The Bank also reports that activity increased in August in most major lines, the principal exception being lumber products, where payrolls showed a contraseasonal decline. Gains over July were especially pronounced in the metal industries and at plants making food products. In the case of textiles, the increase was considerably less than usual.

At reporting factories in Delaware, employment and payrolls showed gains of 7 and 6%, respectively, from July to August. Working time expanded about 8%. Increases over a year ago amounted to 15% in employment, 45% in wage payments, and 22% in total employee hours worked.

Asks Printers To Cut Use Of Paper, Board

Declaring that the printing and publishing industry "is face-up to the necessity for curtailing its consumption of paper and board and of effecting that curtailment right soon," E. W. Palmer, Deputy Chief of the Printing and Publishing Branch of the War Production Board, said on Sept. 16 that the industry can stand a curtailment in its paper and board tonnage back to the levels of 1940 or even of 1939.

In an address before the Des Moines Club of Printing House Craftsmen, at Des Moines, Iowa, Mr. Palmer stated that a drop back from 20,000,000 tons, as consumed in 1941, to the 17,000,000 tons of 1940, or of the 16,000,000 tons of 1939, should be possible and practicable with little or no resultant hardship to the industry as a whole. He added that "such a curtailment should, naturally, and from the standpoint of practicality, be imposed on an overall basis, horizontally, with a careful weeding-out of the obviously luxury or specialty products, that are desirable but not actually necessary during a strenuous war period, first."

Mr. Palmer further stated that "every publisher and printer, regardless of the type of publication or product involved, can and should start immediately to plan and institute the utmost conservation and curtailment in the consumption of paper and of the many other materials employed by this industry in the production of its endless variety of products."

He went on to say:

"The continuing, and increasing, shortage of copper and zinc to meet the requirements of the war industries, forecasts a probable and immediate further curtailment in the consumption of these metals in the engraving industries. Much concern has been evinced in conservation quarters over the continued lavish use of multi-color illustrations in supplements to newspapers, in comic strips and books, and magazines and books, and in the myriad of commercial printed products. Publishers would do well to institute immediate curtailment of new uses of multicolor printing in publications, particularly the employment of lavish bleed-type illustrations, and the also extravagant expanse of color so prevalent in magazines, books and commercial advertising today. Unless there is immediate and generous conservation throughout the industry there can be but one result; the copper and zinc needed for the war industries must be had; therefore the alternative to self-curtailment can be but one step on the part of the War Production Board—a mandatory order restricting the employment of more than one-color printing on a really drastic basis—it is a serious question today, and it may well be too late to effectuate sufficient curtailment on a voluntary basis to preclude the necessity for a controlling order being issued rather promptly."

Not Planning Control Of Savings Accounts

Under date of Sept. 21 the Board of Governors of the Federal Reserve System issued the following press release:

The Board of Governors of the Federal Reserve System wishes to deny a report printed in the "Wall Street Journal" of Sept. 21 to the effect that Federal Reserve officials are contemplating some form of control of savings accounts. This report may be interpreted to mean that Federal Reserve officials are considering some interference with the individual's freedom to use his savings account. This is not true.

Wholesale Commodity Prices Advanced 0.1% In Sept. 19 Week, Labor Bureau Reports

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Sept. 24 that with further advances for foods, the general level of prices in primary markets again advanced slightly. The Bureau's comprehensive wholesale price index for the week ended Sept. 19 was up 0.1% to 99.3% of the 1926 average, a new 16-year high. According to the Bureau "it is 0.4% above a month ago and about 8.5% higher than at this time last year. As has been the case since the imposition of the General Maximum Price Regulation, price movements were confined largely to markets for farm products and foods with industrial markets relatively steady."

The Bureau's announcement further stated:

"Farm Products and Foods — Foodstuffs generally advanced further during the week and are now 15% higher than they were in mid-September a year ago. Dairy products and cereals both rose by 0.8%. Advances were again especially marked for butter and eggs, which are now at their highest September levels since 1929. Prices for flour were up 2% and other cereals were somewhat above last week's levels. Citrus fruits advanced sharply while apples and potatoes were seasonally lower. Prices for most meats were steady. Movements in poultry markets were mixed with advances in New York and declines in Chicago. In the primary agricultural markets at Chicago steers, hogs, and ewes declined during the early part of the week but subsequently advanced to levels still somewhat below their August peaks. Prices for cows and lambs, however, were substantially higher than in the previous week. The grain markets showed some strength with quotations for rye up 10% and wheat and corn nearly 1%, while barley and oats declined. Average prices for cattle feed increased about 1%. Principal fiber markets were stronger with both cotton and wool moving up nearly 2%.

"Industrial Commodities—There was little change in prices of industrial commodities which are largely under Federal regulation. Price movements were confined to a very few markets. Quotations for Brazilian goatskins dropped over 9% and prices were lower for a few textile products such as sateen. Prices of turpentine, rosin and linseed oil, which are not subject to price regulation, again rose sharply."

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for Aug. 22, 1942 and Sept. 20, 1941 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to Sept. 19, 1942 from—		
Commodity groups	9-19 1942	9-12 1942	9-5 1942	8-22 1942	9-20 1941	9-12 1942	8-22 1942	9-20 1941
All commodities	*99.3	*99.2	*99.1	*98.9	91.5	+0.1	+0.4	+ 8.5
Farm products	107.1	107.2	106.7	106.4	91.2	—0.1	+0.7	+17.4
Foods	102.0	101.6	101.4	100.8	88.5	+0.4	+1.2	+15.3
Hides and leather products	118.6	119.0	119.0	118.9	111.7	—0.3	—0.3	+ 6.2
Textile products	96.6	96.7	96.7	96.5	89.2	—0.1	+0.1	+ 8.3
Fuel and lighting materials	79.6	79.6	79.6	79.6	80.0	0	0	— 0.5
Metals and metal products	103.9	*103.9	*103.9	*103.9	98.7	0	0	+ 5.3
Building materials	110.4	110.3	110.3	110.3	106.2	+0.1	+0.1	+ 4.0
Chemicals and allied products	96.2	96.2	96.2	96.2	87.8	0	0	+ 9.6
Housefurnishing goods	104.1	104.1	104.1	104.1	98.0	0	0	+ 6.2
Miscellaneous commodities	88.6	88.6	88.6	88.6	85.0	0	0	+ 4.2
Raw materials	101.5	101.6	101.2	101.0	89.8	—0.1	+0.5	+13.0
Semimanufactured articles	92.8	92.7	92.7	92.6	90.1	+0.1	+0.2	+ 3.0
Manufactured products	*99.4	*99.3	*99.2	*99.1	92.8	+0.1	+0.3	+ 7.1
All commodities other than farm products	*97.6	*97.5	*97.5	*97.3	91.6	+0.1	+0.3	+ 6.6
All commodities other than farm products and foods	*95.7	*95.7	*95.7	*95.7	91.8	0	0	+ 4.2

*Preliminary.

FDIC Reports Insured Banks Had Record Assets And Deposits On June 30, 1942

Total assets and deposits of the 13,399 insured commercial banks reached the highest figures on June 30, 1942, ever reported to the Federal Deposit Insurance Corporation, Chairman Leo T. Crowley announced on Sept. 28. Total assets amounted to $78,705,000,000, an increase of $5,721,000,000, or almost 8% over the figure for June 30, 1941, notwithstanding the elimination on the latter date of $643,000,000 of reciprocal interbank demand balances with banks in the United of reciprocal interbank demand balances with banks in the United insured commercial banks issued by the Corporation also revealed the following significant items:

"1. Total deposits, excluding reciprocal interbank demand balances of $643,000,000, amounted to $71,162,000,000. The deposits were higher by $5,546,000,000, or 8%, than deposits, including reciprocal balances, reported a year ago. The growth in deposits reflected chiefly the purchase by the banks of U. S. Government obligations offset in part by withdrawal of currency into circulation. Expenditures by the Treasury of funds obtained from the sale of securities to the banks served to increase the deposits of individuals, partnerships and corporations. Their demand deposits with the banks were $4,935,000,000, or 14%, larger on June 30, 1942, than a year ago;

"2. Investments by the banks in United States Government obligations and obligations guaranteed by the United States Government increased during the year by $6,565,000,000, or 34%, and amounted to $25,935,000,000 on June 30, 1942;

"3. Investments in obligations of States and political subdivisions on June 30, 1942, amounted to $3,494,000,000, a reduction of $57,000,000, or nearly 2%, during the year period. Investments in other securities, exclusive of foreign securities and stock in Federal Reserve banks, also declined by 2% and amounted to $2,968,000,000 on June 30, 1942;

"4. Loans and discounts amounted to $19,922,000,000, a slight increase over a year ago. Total loans showed a decline of $1,339,000,000, or nearly 7%, from last December. The reduction in loans over the six-month period was chiefly in consumer loans, although business loans also declined. Commodity Credit Corporation loans included under agricultural loans were reduced substantially over the six-month period;

"5. Excluding reciprocal interbank demand deposits the banks reported cash, reserves and funds due from banks of $24,382,000,000 on June 30, 1942, a decline of $617,000,000, or 2%, since June 30, 1941. The decline reflected the elimination on the latter date of $643,000,000 of reciprocal balances;

"6. Of the assets held by insured commercial banks on June 30, 1942, 31% were cash, reserves and funds due from banks, 42% were securities and 25% were loans and discounts;

"7. Total capital accounts of the insured commercial banks increased by $177,000,000 over the year period, reflecting increases in surplus, undivided profits and reserves, which more than offset retirements of preferred capital. Total capital accounts amounted to $6,950,000,000 on June 30, 1942, equal to 8.8% of book value of assets, compared with 9.3% on June 30, 1941."

PRELIMINARY STATEMENT OF ASSETS AND LIABILITIES OF INSURED COMMERCIAL BANKS AS OF JUNE 30, 1942, DEC. 31, 1941, AND JUNE 30, 1941

	June 30, '42	Dec. 31, '41	June 30, '41
Number of banks	13,399	13,427	13,423
ASSETS—	(Amounts in Thousands of Dollars)		
Cash and funds due from banks:			
In vault	1,290,741	1,358,735	1,242,618
In process of collection	2,677,505	3,453,163	2,488,529
With Federal Reserve banks	12,294,505	12,395,664	12,958,527
With other domestic banks	*8,106,071	8,573,644	8,298,541
With foreign banks	12,767	11,463	10,042
Total cash and funds due from banks	*24,381,589	25,792,669	24,998,257
Loans and securities:			
U. S. Government obligations and obligations guaranteed by the U. S. Government	25,935,297	21,047,112	19,370,714
Obligations of States, political subdivisions, territorial and insular possessions	3,493,879	3,651,627	3,551,281
Foreign securities	183,846	165,978	177,472
Other securities	2,967,633	3,025,218	3,038,851
Stock in Federal Reserve banks	144,737	142,094	140,295
Loans and discounts (including overdrafts)	19,922,078	21,261,521	19,913,169
Total loans and securities	52,647,470	49,293,550	46,191,782
Guarantees and securities of customers and banks on account of acceptances	59,333	73,089	79,424
Bank premises owned and furniture and fixtures	1,059,516	1,060,763	1,067,130
Other real estate, acquired in settlement of debt; not used as bank premises	231,408	261,530	306,755
Investments and other assets indirectly representing bank premises owned or other real estate	107,421	108,266	122,184
Other assets	218,708	236,887	218,580
Total miscellaneous assets	1,676,386	1,740,535	1,794,073
Total assets	*78,705,445	76,826,754	72,984,112
LIABILITIES—			
Deposits:			
Individuals, partnerships, and corporations, payable on demand	39,266,281	36,547,288	34,330,943
Individuals, partnerships and corporations, deposited for periods of time	14,889,560	15,151,204	15,207,488
†U. S. Government and postal savings	1,827,528	1,821,250	730,726
States and political subdivisions	4,336,902	4,169,641	4,009,655
Domestic banks, certified and officers' checks, cash letters of credit and travelers' checks outstanding	*10,088,214	11,050,717	10,648,274
Foreign banks	753,832	680,473	689,562
Total deposits	*71,162,317	69,420,573	65,616,648
Borrowed money	11,444	10,107	10,675
Outstanding acceptances and bills of exchange	68,844	87,021	94,387
Other liabilities	512,862	466,656	489,296
Total miscellaneous liabilities	593,150	563,784	594,358
Total liabilities (excluding capital accounts)	*71,755,467	69,984,357	66,211,006
Capital accounts:			
Capital stock, notes, and debentures	2,857,424	2,848,686	2,858,363
Surplus (paid in by stockholders or accumulated from earnings)	2,740,115	2,686,250	2,603,327
Undivided profits	935,470	895,882	898,317
Amounts set aside for contingencies, etc.	416,969	411,579	413,099
Total capital accounts	6,949,978	6,842,397	6,773,106
Total liabilities and capital accounts	*78,705,445	76,826,754	72,984,112

*Accounts as of June 30, 1942 are not comparable with amounts reported for prior call dates because of the exclusion on that date of $643,000,000 of reciprocal interbank demand balances with banks in the United States, except private banks and American branches of foreign banks.

†Includes United States Treasurers' time deposits, open account.

Engineering Cons. $147,699,000 for Week

Engineering construction volume for the week totals $147,699,000, a decrease of 28% from the preceding week, and 10% below the total for the corresponding 1941 week as reported by "Engineering News-Record" on Sept. 24. Private work is 9% under a week ago, and 66% lower than a year ago. Public construction declined 29% from last week, and is 1% below last year. The report continued as follows:

The current week's volume brings 1942 construction to $7,632,606,000, an increase of 58% over the total for the 39-week period last year, and already 30% above the $5,868,699,000 reported for the 52 weeks of 1941. Private work, $474,740,000, is 51% below the volume in the period last year, but public construction, $7,157,866,000, is 85% higher as a result of the 131% gain in Federal work.

Construction volumes for the 1942 week, last week, and the 1941 week are:

	Sept. 25, 1941	Sept. 17, 1942	Sept. 24, 1942
Total Construction	$164,444,000	$206,028,000	$147,699,000
Private Construction	22,359,000	8,415,000	7,619,000
Public Construction	142,085,000	197,613,000	140,080,000
State and Municipal	18,595,000	6,072,000	7,344,000
Federal	123,490,000	191,541,000	132,736,000

In the classified construction groups, gains over the preceding week are in sewerage, industrial buildings, and streets and roads. Increases over the 1941 week are in waterworks, sewerage, commercial building and large-scale private housing, streets and roads, and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $2,344,000; sewerage, $2,797,000; bridges, $236,000; industrial buildings, $1,649,000; commercial building and large-scale private housing, $5,162,000; public buildings, $66,819,000; earthwork and drainage, $1,057,000; streets and roads, $25,475,000, and unclassified excavation, $42,160,000.

New capital for construction purposes for the week totals $3,451,000, a drop of 63% from the volume for the 1941 week. The current week's total is made up of $3,401,000 in State and municipal bond sales, and $50,000 in corporate security issues.

New construction financing for the year to date, $9,530,701,000, is 63% higher than the $5,860,877,000 reported for the 39-week period last year.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Sept. 25 a summary for the week ended Sept. 19, 1942, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Sept. 19, 1942	Total for week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of Orders	7,742
Number of Shares	207,367
Dollar Value	7,418,689
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	89
*Customers' other sales	9,488
Customers' total sales	9,577
Number of Shares:	
Customers' short sales	2,758
*Customers' other sales	236,999
Customers' total sales	239,757
Dollar Value	6,790,145
Round-lot Sales by Dealers— Number of Shares:	
Short sales	130
†Other sales	82,340
Total sales	82,470
Round-lot Purchases by Dealers—	
Number of Shares	57,510

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended Sept. 19, 1942

Lumber production during the week ended Sept. 19, 1942, was 14% greater than the previous holiday week, shipments were 17% greater, new business 30% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 6% above production, new orders 19% above production. Compared with the corresponding week of 1941, production was 9% less, shipments 9% less, and new business 11% greater. The industry stood at 121% of the average of production in the corresponding week of 1935-39 and 131% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 37 weeks of 1942 was 3% below corresponding weeks of 1941; shipments were 3% above the shipments, and new orders 7% above the orders of the 1941 period. For the 37 weeks of 1942, new business was 20% above production, and shipments were 13% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 76% on Sept. 19, 1942, compared with 23% a year ago. Unfilled orders were 37% greater than a year ago; gross stocks were 29% less.

Softwoods and Hardwoods

Record for the current week ended Sept. 19, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	437	437	454
Production	256,450	281,273	225,587
Shipments	270,797	296,595	231,452
Orders	305,965	275,696	235,412

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	356	95
Production	245,834—100%	10,616—100%
Shipments	257,724—105	13,073—123
Orders	293,225—119	12,740—120

Revenue Freight Car Loadings During Week Ended Sept. 19, 1942 Totaled 903,099 Cars

Loading of revenue freight for the week ended Sept. 19, totaled 903,099 cars, the Association of American Railroads announced on Sept. 24. This was a decrease below the corresponding week in 1941, or 4,870 cars of 0.5%, but an increase above the same week in 1940, or 89,770 cars or 11.0%.

Loading of revenue freight for the week of Sept. 19 increased 88,214 cars of 10.8% above the preceding week, which included holiday.

Miscellaneous freight loading totaled 421,827 cars, an increase of 42,838 cars above the preceding week, and an increase of 22,413 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 88,479 cars, an increase of 9,201 cars above the preceding week, but a decrease of 71,745 cars below the corresponding week in 1941.

Coal loading amounted to 169,264 cars, an increase of 15,774 cars above the preceding week, and an increase of 10,264 cars above the corresponding week in 1941.

Grain and grain products loading totaled 50,590 cars, an increase of 5,194 cars above the preceding week, and an increase of 5,751 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Sept. 19 totaled 35,560 cars, an increase of 2,414 cars above the preceding week, and an increase of 4,390 cars above the corresponding week in 1941.

Live stock loading amounted to 19,201 cars, an increase of 3,865 cars above the preceding week, and an increase of 3,719 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Sept. 19 totaled 14,983 cars, an increase of 3,388 cars above the preceding week, and an increase of 2,678 cars above the corresponding week in 1941.

Forest products loading totaled 50,017 cars, an increase of 3,726 cars above the preceding week and an increase of 3,593 cars above the corresponding week in 1941.

Ore loading amounted to 89,412 cars, an increase of 6,736 cars above the preceding week, and an increase of 19,691 cars above the corresponding week in 1941.

Coke loading amounted to 14,309 cars, an increase of 880 cars above the preceding week, and an increase of 1,444 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941, except the Eastern, Allegheny, and Southern and all districts reported increases compared with the corresponding week of 1940 except the Eastern.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Five weeks of May	4,170,713	4,160,060	3,351,840
Four weeks of June	3,385,769	3,510,057	2,896,953
Four weeks of July	3,321,568	3,413,435	2,822,450
5 weeks of August	4,350,948	4,463,372	3,717,933
Week of Sept. 5	887,960	797,791	695,034
Week of Sept. 12	814,885	914,656	804,265
Week of Sept. 19	903,099	907,969	813,329
Total	31,338,465	30,347,955	25,767,606

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Sept. 19, 1942. During this period only 50 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED SEPT. 19

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	330	632	542	1,344	1,564
Bangor & Aroostock	817	892	718	152	307
Boston & Maine	6,156	9,119	7,714	13,799	13,356
Chicago, Indianapolis & Louisville	1,503	1,754	1,531	2,050	2,600
Central Indiana	26	26	12	54	71
Central Vermont	1,037	1,491	1,345	2,790	2,920
Delaware & Hudson	6,364	7,386	5,812	11,684	11,284
Delaware, Lackawanna & Western	7,695	10,330	9,478	10,697	9,637
Detroit & Mackinac	532	295	387	211	144
Detroit, Toledo & Ironton	1,781	2,453	2,066	1,228	1,284
Detroit & Toledo Shore Line	304	365	304	2,900	4,005
Erie	12,879	16,128	14,256	17,561	16,007
Grand Trunk Western	4,769	5,896	5,102	8,515	9,078
Lehigh & Hudson River	162	165	234	3,323	2,712
Lehigh & New England	2,248	1,465	2,210	2,103	2,005
Lehigh Valley	9,214	9,019	9,543	13,936	10,257
Maine Central	2,464	3,257	2,627	2,697	2,667
Monongahela	6,462	6,374	5,292	409	346
Montour	2,407	2,209	2,304	35	47
New York Central Lines	51,325	52,672	47,475	60,566	51,909
N. Y., N. H. & Hartford	8,772	13,117	10,636	19,573	16,312
New York, Ontario & Western	1,034	1,259	1,365	2,583	2,274
New York, Chicago & St. Louis	9,404	7,274	6,194	16,621	14,345
N. Y., Susquehanna & Western	377	537	391	2,446	1,609
Pittsburgh & Lake Erie	7,828	8,614	8,084	9,234	8,950
Pere Marquette	5,564	6,529	6,431	6,396	6,771
Pittsburg & Shawmut	872	676	948	28	28
Pittsburg, Shawmut & North	364	391	420	321	483
Pittsburgh & West Virginia	963	1,166	951	3,134	3,350
Rutland	417	579	624	929	1,261
Wabash	5,943	6,265	5,945	13,001	10,800
Wheeling & Lake Erie	5,679	5,765	4,895	5,022	4,940
Total	165,695	184,110	165,837	235,342	213,323
Allegheny District—					
Akron, Canton & Youngstown	790	728	550	1,336	1,130
Baltimore & Ohio	43,589	43,141	36,565	26,543	24,060
Bessemer & Lake Erie	6,949	6,348	6,519	2,590	1,823
Buffalo Creek & Gauley	291	306	282	3	5
Cambria & Indiana	1,912	1,966	1,558	9	18
Central R. R. of New Jersey	7,470	8,020	7,276	20,618	16,905
Cornwall	651	642	703	56	55
Cumberland & Pennsylvania	246	304	249	10	40
Ligonier Valley	127	118	109	52	31
Long Island	1,099	965	883	3,465	2,883
Penn-Reading Seashore Lines	1,947	2,223	1,675	2,367	2,257
Pennsylvania System	85,238	89,098	75,274	67,652	58,275
Reading Co.	15,154	17,776	15,900	29,254	23,874
Union (Pittsburgh)	21,269	20,494	19,228	7,450	6,356
Western Maryland	4,282	4,442	3,612	12,666	9,518
Total	191,014	196,571	170,383	174,071	147,230
Pocahontas District—					
Chesapeake & Ohio	28,131	29,127	26,428	14,476	13,571
Norfolk & Western	22,765	21,456	23,382	7,683	6,328
Virginian	4,678	4,690	4,728	2,352	1,908
Total	55,574	55,273	54,538	24,511	21,805
Southern District—					
Alabama, Tennessee & Northern	321	412	264	346	234
Atl. & W. P.—W. R. R. of Ala.	703	1,001	891	2,955	2,110
Atlanta, Birmingham & Coast	690	813	767	1,127	1,110
Atlantic Coast Line	11,158	10,797	10,102	9,947	7,010
Central of Georgia	4,177	4,586	4,348	4,781	3,987
Charleston & Western Carolina	369	444	472	1,662	1,604
Clinchfield	1,787	1,807	1,359	2,755	2,895
Columbus & Greenville	537	412	279	261	424
Durham & Southern	122	201	178	823	469
Florida East Coast	657	450	459	1,503	864
Gainesville Midland	28	41	29	97	95
Georgia	1,450	1,366	1,437	2,622	2,168
Georgia & Florida	356	427	315	628	657
Gulf, Mobile & Ohio	4,226	4,561	3,255	4,573	3,388
Illinois Central System	30,009	29,675	24,607	18,486	15,870
Louisville & Nashville	26,155	26,317	23,693	11,933	8,756
Macon, Dublin & Savannah	190	211	133	645	686
Mississippi Central	237	244	163	578	388
Nashville, Chattanooga & St. L.	3,670	3,852	3,190	4,747	3,213
Norfolk Southern	1,501	1,580	1,304	2,265	1,560
Piedmont Northern	330	539	401	1,326	1,693
Richmond, Fred. & Potomac	491	485	415	8,143	5,655
Seaboard Air Line	10,512	10,255	9,223	8,655	6,578
Southern System	23,494	26,355	23,458	24,693	19,753
Tennessee Central	465	571	451	1,042	736
Winston-Salem Southbound	106	175	166	1,047	1,021
Total	123,741	127,577	111,359	117,640	92,924
Northwestern District—					
Chicago & North Western	21,775	23,274	22,399	14,258	14,067
Chicago Great Western	2,904	3,061	2,787	3,520	3,753
Chicago, Milw., St. P. & Pac.	21,650	24,178	22,144	10,970	9,560
Chicago, St. Paul, Minn. & Omaha	4,275	4,333	4,450	4,356	4,583
Duluth, Missabe & Iron Range	33,265	22,701	22,015	357	270
Duluth, South Shore & Atlantic	1,515	1,128	1,211	1,375	604
Elgin, Joliet & Eastern	10,164	10,864	8,432	10,834	9,633
Ft. Dodge, Des Moines & South	570	716	689	93	147
Great Northern	29,263	25,911	24,621	5,829	4,175
Green Bay & Western	501	620	599	722	784
Lake Superior & Ishpeming	2,575	3,348	2,302	66	100
Minneapolis & St. Louis	2,232	2,149	2,478	2,370	2,414
Minn., St. Paul & S. S. M.	8,611	7,878	8,164	3,047	3,270
Northern Pacific	13,645	12,630	12,299	5,180	5,049
Spokane International	262	208	306	655	350
Spokane, Portland & Seattle	2,854	2,722	2,127	3,253	1,438
Total	156,061	146,721	137,023	66,885	60,197
Central Western District—					
Atch., Top. & Santa Fe System	24,530	22,669	21,506	13,526	9,208
Alton	3,454	3,567	3,109	4,935	3,160
Bingham & Garfield	922	656	463	104	85
Chicago, Burlington & Quincy	20,161	18,431	17,690	12,442	11,403
Chicago & Illinois Midland	2,611	2,925	2,233	1,031	1,003
Chicago, Rock Island & Pacific	14,004	14,060	13,693	13,005	11,233
Chicago & Eastern Illinois	2,733	2,934	3,010	4,635	3,369
Colorado & Southern	1,020	997	757	1,870	1,691
Denver & Rio Grande Western	4,767	4,525	3,690	6,125	4,698
Denver & Salt Lake	1,008	1,053	1,049	22	25
Fort Worth & Denver City	1,532	1,049	1,124	1,673	1,19[illegible]
Illinois Terminal	1,857	1,961	1,937	2,589	1,923
Missouri-Illinois	1,318	1,175	913	463	534
Nevada Northern	2,234	1,972	1,524	109	134
North Western Pacific	1,057	1,283	777	630	670
Peoria & Pekin Union	8	9	7	0	0
Southern Pacific (Pacific)	33,356	32,130	27,058	10,461	7,403
Toledo, Peoria & Western	304	421	408	1,706	1,654
Union Pacific System	16,350	18,162	15,260	16,488	13,265
Utah	621	536	497	6	6
Western Pacific	2,760	3,119	1,601	3,139	3,596
Total	136,607	133,639	118,506	94,959	76,256
Southwestern District—					
Burlington-Rock Island	739	173	180	212	186
Gulf Coast Lines	4,952	3,412	2,764	2,934	1,783
International-Great Northern	2,892	2,336	2,179	2,756	1,988
Kansas, Oklahoma & Gulf	329	238	210	1,193	1,180
Kansas City Southern	5,278	2,777	2,326	2,974	2,931
Louisiana & Arkansas	4,038	2,727	1,929	2,021	2,553
Litchfield & Madison	243	365	348	1,232	1,253
Midland Valley	818	890	618	235	256
Missouri & Arkansas	193	199	239	393	392
Missouri-Kansas-Texas Lines	5,794	4,972	4,993	5,044	3,942
Missouri Pacific	18,997	18,929	16,217	21,857	13,017
Quanah Acme & Pacific	76	119	103	226	157
St. Louis-San Francisco	10,064	10,663	8,536	8,601	6,141
St. Louis Southwestern	3,059	3,521	2,757	6,419	3,412
Texas & New Orleans	12,411	8,407	7,897	4,361	4,206
Texas & Pacific	4,414	4,173	4,219	7,160	5,218
Wichita Falls & Southern	97	154	153	30	45
Weatherford M. W. & N. W.	13	17	15	33	57
Total	74,407	64,078	55,683	67,681	48,717

Note—Previous year's figures revised.

Non-Ferrous Metals—OPA Lifts Ceiling On Silver Bullion And Scrap To 45 Cents

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Sept. 24 stated: "The maximum price for silver bullion, scrap, and silver salts was fixed at 45¢ an ounce troy by OPA, retroactive to Aug. 31, in an order released Sept. 22. Pending receipt of this ruling, business in silver not covered in the price regulation for foreign metal issued late in August was virtually suspended. There were no price developments in major non-ferrous metals. The labor problem is holding the attention of producers of copper, lead, and zinc."

The publication further went on to say in part:

Copper

Copper executives were occupied last week with labor problems that must be solved to step up domestic production. Sales divisions are awaiting word on next month's allocations. September metal is still available for those who can produce September certificates. Domestic copper is moving to consumers on the basis of 12¢ Valley. Foreign copper continues at 11.75¢, f.a.s. on sales to Metals Reserve Co.

H. O. King, chief of the Copper Branch of WPB, testifying before the mediation panel of the National War Labor Boar in reference to the labor situation at copper, lead, and zinc mines, said:

"We have, as you all know, about 100,000 tons of domestic production of copper a month: 50,000 tons of imports; and we get about 30,000 tons of scrap. That's all the copper we have, and that is on the basis of running all the mines at full capacity, so any loss of production due to manpower shortages or for any other reason is a matter of itself so deadly serious that I don't think any of us could exaggerate it or overstate it. While we have more copper than the Axis powers have, we didn't start arming as early as they did, so that today we could use, I should say, almost twice our present supply to meet the requirements of the war effort . . . Zinc is almost as scarce as copper is. At the moment, lead is not as critical."

Lead

The question of easing the conservation order for lead remains under advisement in Washington. A meeting of the lead group was scheduled for Sept. 29, in Washington, to consider October allocations. So far, consumers have purchased lead to take care of 90% of their estimated September requirements, with October provided for to the extent of about 60%. Quotations for common lead continued at 6.50¢, New York, and 6.35¢, St. Louis.

Zinc

October allocations are expected to be ready soon. Conversion of Prime Western into High Grade zinc will take place on a larger scale around the turn of the year. A temporary surplus in the common grades means little under prevailing circumstances, the trade holds. Quotations continued on the basis of 8.25¢, St. Louis, for Prime Western.

Tin

The price situation remains unchanged. Straits quality tin for future delivery was nominally as follows:

	Sept.	Oct.	Nov.
Sept. 17	52.000	52.000	52.000
Sept. 18	52.000	52.000	52.000
Sept. 19	52.000	52.000	52.000
Sept. 21	52.000	52.000	52.000
Sept. 22	52.000	52.000	52.000
Sept. 23	52.000	52.000	52.000

Chinese tin, 99%, spot, 51.125¢ all week.

Quicksilver

Business in quicksilver has been in good volume, covering nearby as well as forward positions. Quotations in New York were easily maintained at $194.43 to $198.08 per flask. In some instances $195 per flask was paid for nearby metal.

Silver

Bullion, semi-fabricated silver, and scrap, not covered in the original order establishing a 45¢ ceiling on foreign silver, can now be sold at that level, OPA announced on Sept. 22. The 45¢ price ceiling on silver other than newly mined domestic metal is retroactive to Aug. 31.

In announcing the recent advance in the ceiling price of foreign silver, OPA mentioned that the purpose of the increase is to permit the Mexican Government to levy a special tax of 7¢ an ounce on its silver "in lieu of other production and export taxes." Advices from Mexico City now state that the emergency measure suspends (apparently for the duration) the tax provided by the Mining Tax and Duties law of Aug. 30, 1934, also the extra 12% levy on silver exports. Silver in coin or bullion can be exported from Mexico only by permission of the Government. The silverware industry of Mexico, under the plan now in effect, obtains "normal" requirements of silver on the old basis of 35⅝¢ an ounce.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Heads N. Y. Bankers' News

The appointment of C. A. Hemminger as Director of the News Bureau of the New York State Bankers Association was announced on Sept. 21 by John P. Myers, President. Mr. Hemminger, who takes over the editorial duties of Harry H. Clarke, on leave of absence as a First Lieutenant in the U. S. Army, was director of news and information for the Taxpayers' Federation of Illinois in Springfield, Ill., from its inception early in 1942 until recently and served from 1938 to 1941 as director of publicity for the Illinois Department of Public Work and Buildings.

Items About Banks, Trust Companies

The National Safety Bank and Trust Co., New York City, announced on Sept. 21 the appointment of Louis E. Goldstein as Trust Officer. Mr. Goldstein was formerly Assistant Vice-President and Trust Officer of the Public National Bank and Trust Co. of New York.

The Manufacturers Safe Deposit Co., New York City, has been authorized by the State Banking Department to open a branch office at 741 Fifth Ave. after Oct. 1, upon the discontinuance of the branch now maintained at 707-711 Fifth Ave.

Martin A. Beckhard, former Manager of the Foreign Department of Kuhn, Loeb & Co., New York banking firm, died on Sept. 27 at his home in New York City at the age of 89. He had been associated with Kuhn, Loeb & Co. for 61 years. A native of Frankfort-on-Main, Germany, Mr. Beckhard left there at the age of 17 to begin his banking career with the Hanseatic Bank in London. In 1880 he came to New York as head of the Foreign Department of Kuhn, Loeb & Co. Mr. Beckhard retired in 1941.

Frank W. Clemens, President of the Wakefield Trust Co., Wakefield, R. I., died on Sept. 20 at his home in Narragansett. He was 66 years old. Mr. Clemens had been associated with the Wakefield Trust Co. for nearly 45 years, beginning as a clerk and progressing through the posts of Assistant Treasurer, Treasurer and Vice-President. He became President of the institution a year ago.

The Merchants Banking Trust Co., Mahanoy City, Pa., a State member bank of the Federal Reserve System, has been absorbed by the American Bank, of Mahanoy City, an insured non-member bank, according to an announcement by the Board of Governors of the Federal Reserve System.

The receiver of the District National Bank of Washington, D. C., recently paid the fourth and final dividend to depositors, thus completing the affairs of the bank which failed in 1933. The last dividend of 15% represents the full amount of individual deposits and also 2.88% interest due at the time the bank closed, or a total rebate of 102.88% to all depositors. The amount involved in the last dividend was $703,525, bringing the total distribution of payments to $4,047,921 since the bank went into receivership.

Henry H. Sanger, President of the Manufacturers National Bank of Detroit, on Sept. 21 observed his 76th birthday and his 51st year in the banking business. There was no formal ceremony to celebrate the occasion. Mr. Sanger is dean of Detroit bankers.

Richard R. Law, Assistant State Bank Commissioner of Oklahoma, will become Bank Commissioner October 1, succeeding Linwood O. Neal, who resigned to become associated with Mississippi Valley Trust Co. of St. Louis as Assistant Vice-President and its official Oklahoma representative.

The total membership of the Federal Reserve Bank of St. Louis was increased to 448 on Sept. 25 with the admission to membership of the Arkansas Trust Co., Hot Springs, Ark. The new member bank, organized in 1907, has a capital of $200,000, surplus of $120,000, and total resources of $4,291,731. The bank is headed by D. Burgauer.

Rules Given On Renegotiated Contracts

The Bureau of Internal Revenue announced on Sept. 18 that corporations returning money to the government as a result of renegotiation of contracts should refund only the amount of profits above Federal income and excess profits taxes already paid or assessed on the sum involved.

Reporting on the ruling, the Associated Press said:

"The Bureau offered this as one example of its ruling:

"A corporation filed a return for 1941 which included $1,000,000 which later was held to be excessive profit realized in performance of a contract. The corporation had paid income and excess profits taxes totaling $400,000 on the $1,000,000. In refunding the excessive profits to the government, the corporation should repay $600,000. It would not be permitted to deduct the $600,000 from gross income for any taxable year.

"The net result would be that the government would have recaptured the $1,000,000, $400,000 as taxes and $600,000 as a direct repayment.

"The bureau said that to use another method would produce an incorrect result whereby the net sum recaptured by the government would be only $650,000. For example, it said, if the $1,000,000 should be repaid and then allowed as a deduction for income tax purposes for a subsequent year, in which there would be a higher tax rate, the tax benefit would offset a portion of the refund.

"In an instance where a corporation has not yet filed its return for the year in which the excessive profit determined by contract renegotiation was earned, the company should repay to the government the entire amount determined to be excessive, and omit it from its tax return for the year.

"The same procedure would be followed in cases involving a cost-plus-fixed-fee contract where an item had been disallowed after the company had been reimbursed for it. The taxpayer would repay the amount to the government and not report it as income received."

Treasury To Borrow $4 Billion In October

Secretary of the Treasury Morgenthau announced on Sept. 28 that the Treasury will increase its borrowing in October to $4,000,000,000, the largest single financing operation since the World War. The Secretary conferred on Sept. 29 with officials of the Federal Open Market Committee as to the type of securities to be offered. The financing operation will probably be undertaken in the second week of October.

The September financing consisted of the Treasury borrowing $1,506,000,000 on 0.65% certificates of indebtedness and $1,606,000,000 on 1¼% notes. This $3,000,000,000 offering was referred to in our Sept. 17 issue, page 994.

The Treasury reported the gross public debt as of Sept. 25 at $89,996,735,594.

California Business Up

California business continued to expand during August, reaching a new record high, according to the current "Business Outlook" just released by the Wells Fargo Bank & Union Trust Co. of San Francisco. The Wells Fargo index, which measures the State's business in terms of the 1935-39 average as equal to 100, rose to 212.4% for the month, as compared with 207.3 in July and 163.6 in August a year ago.

Civilian Meat Supply To Be 2½ Lbs. Weekly

Declaring that "as a nation we still are too complacent about food," Secretary of Agriculture Wickard warned on Sept. 24 that "unless we act promptly and with energy our food situation will be serious" adding that "a single year could change our food position from abundance to scarcity."

In addressing the National Association of Food Chains in Chicago, Mr. Wickard, who is also Chairman of the Foods Requirements Committee, said that "the blind faith that we are sure always to have enough food must be very comforting" but "it is also very dangerous." He pointed out that the food requirements of the armed forces and lend-lease and civilian demands are huge and still growing, and said the "only way we can provide enough food to win the war is to conserve every bit of this year's great production, and to concentrate all of our future efforts on production, processing and distribution of foods that are absolutely essential."

With respect to meat rationing, Secretary Wickard declared:

"The Government is going to limit the amount of meat that can go into civilian consumption. As you know, the Foods Requirements Committee has been making a thorough study of how to make the best use of our meat supply. The Committee recently concluded that a limitation order was required. Under a directive from the WPB, the Office of Price Administration now is preparing to issue such an order.

"The Foods Requirements Committee, through the order, will specify how much meat the packers can put on the civilian market. For the three months starting Oct. 1 those amounts will be not more than 80% of the beef and veal, 95% of the lamb and mutton, and 75% of the pork, based on sales into the domestic market during October, November and December of 1941. Similar limitations will be issued for later periods.

"Statistically these limitation figures for the last 3 months of 1942 would mean an over-all reduction of 21% below the amount of red meat available to civilians in the last quarter of 1941. In actual operation, however, the order may not result in quite so great a cut, for adjustments will be made when necessary to allow for changes during the past year in the distribution pattern and in the wartime food requirements of different areas."

According to Mr. Wickard "the total meat supply for the next 12 months will be about 24 billion pounds." "That," he said, "is an all-time record." Continuing, he said, "subtracting the minimum needs for our armed forces and our allies—6½ billion pounds—leaves 17½ billion pounds for the use of American civilians.

"Our problem on the home front is to share this 17½ billion pounds, fairly among the 128 million of us outside the armed services. Fairly shared, it will give everyone a supply adequate for good nutrition.

"The limitation order itself will provide for an even flow of supplies throughout the different seasons of the year. But the order cannot provide for fair distribution among individual families.

"As the Foods Requirements Committee announced earlier this month, fair sharing among individuals could best be managed by a coupon rationing system. But such a system cannot be put into effect for three months or more. Meantime, the limitation order will restrict the amount going to civilians and there is urgent need for fair sharing. Therefore the Foods Requirements Committee today is suggesting a voluntary program to be carried out by families and individuals.

"Out of the 17,500,000,000 pounds of meat available to civilians, the fair share for each individual is calculated at 2½ pounds per person per week. That includes meat eaten outside the home.

"In arriving at that figure the Committee considered the shrinkage that occurs when dressed carcasses are converted into retail cuts. It also considered the fact that children, invalids, and old people eat less meat than the average, and that babies and some grown people eat no meat at all. With supplies at their present level, 2½ pounds of meat is the fair weekly share of able-bodied civilians with normal meat-eating habits. Patriotic Americans will hold their meat consumption at this level."

Lower Living Standard Necessary To Win War

Donald M. Nelson, Chairman of the War Production Board, warned on Sept. 21 that the country must accept a "very much lower standard of living" in order to win the war and said that the civilian economy will have to be cut in the next year more than the British have done, with the exception of food.

In addressing the final session of the American Legion Convention in Kansas City, Mo., Mr. Nelson said that sacrifice and hardship is necessary to increase war production from the present level of 40% of the national output to around 60% by the middle of next year.

The WPB Chairman added:

"Now, the only possible way in which that can be done is by cutting out the production of every single, solitary thing that we do not absolutely have to have in order to keep operating.

"No more luxuries, no more comfort—nothing at all from mine or farm or factory except that which we simply must have if we are to keep fighting.

"We haven't felt it yet because our shelves were full. We have been living on our fat so far in this war. Believe me, we aren't going to have an ounce of fat left in another year. We'll be down to bone and muscle, because we have to get down to bone and muscle in order to win."

Mr. Nelson stated that two things are chiefly demanded of citizens—unity and endurance.

With these two things, he added, we must have two other qualities: a deep, terrible and unrelenting hatred of everything our enemies are and stand for, and a clear and steadfast vision of the eternal values we are fighting for.

In order to forge the unity the nation needs, Mr. Nelson called for "putting victory ahead of every single thing in our daily lives." As an example, Mr. Nelson cited the fact that the 25,000,000 passenger cars in the country are an essential part of the nation's transportation system and must be used only for necessary driving.

In other words, Mr. Nelson said, pet interests, money, comforts, advantages and business or group interests — "none of these things count any more. We can't expect to protect all of those interests while we are fighting. All we can ask is that we fight and win this war in such a way that when it is over the way is clear for us to exercise our rights again as free men."

Secretary of the Navy Frank Knox told the Legionnaires on Sept. 19 that without national unity the country could not win the war. He called for putting aside partisanship and past differences to support the President and to pursue a single aim—"the utter devastating defeat of everything the Axis represents."

Paul V. McNutt, Chairman of the War Manpower Commission, and Robert P. Patterson, Under-Secretary of War, also addressed the convention on Sept. 19, warning that if all the nation's manpower isn't utilized toward the war effort by voluntary means some sort of industrial conscription must come.

Nat'l Banks Gross Earnings in First Half Of 1942

Comptroller of the Currency Preston Delano announced on Sept. 25 that the 5,107 national banks in the United States and possessions reported gross earnings of $470,833,000 for the six months ended June 30, 1942. This represents an increase of $24,083,000 over the gross earnings for the six months ended June 30, 1941, when there were 5,136 national banks in operation.

The Comptroller's announcement further stated:

"Operating expenses for the first half of 1942 were $334,176,000 as against $308,777,000 for the first half of 1941. Net operating earnings were $136,657,000, a decrease of $1,316,000 under the first half of 1941.

"Adding to the net operating earnings profits on securities sold of $16,275,000 and recoveries on loans and investments, etc., previously charged off of $42,501,000, and deducting losses and depreciation of $82,816,000, the net profits before dividends for the six months ended June 30, 1942, amounted to $112,617,000, or at an annual rate of 14.92% of the par value of common and preferred stock and 6.12% of capital funds. This figure of net profits before dividends was $20,167,000 less than the amount reported for the six months ended June 30, 1941.

"The principal items of operating earnings in the six-month period ended June 30, 1942, were $224,104,000 from interest and discount on loans, an increase of $3,722,000 over the corresponding period in 1941; and $161,623,000 from interest and dividends on bonds and securities, an increase of $19,851,000. The principal operating expenses were $141,434,000 for salaries and wages of officers and employees, and $45,631,000 expended in the form of interest on time and savings deposits.

"Profits on securities sold during the six months ended June 30, 1942, aggregated $16,275,000 as against $38,648,000 in the six-month period ended June 1941. Losses and depreciation on bonds and securities totaling $38,730,000 were $5,343,000 less than in the first six months of 1941.

"Dividends declared on common and preferred stock in the first half of 1942 totaled $69,793,000, in comparison with $69,389,000 in the first half of 1941. The annual rate of dividends was 9.26% of common and preferred capital and 3.80% of capital funds."

Whitwell Heads Phila. C. of C.-Board of Trade

The merger of the Chamber of Commerce and the Board of Trade of Philadelphia was completed on Sept. 21 with the election of a new board of directors and new officers at an organization meeting. George E. Whitwell, Vice-President of the Philadelphia Electric Co., was elected President of the merged organization, to be known as the Chamber of Commerce and Board of Trade of Philadelphia. Three Vice-Presidents elected are: Frank M. Hardt, Vice-President of Fidelity-Philadelphia Trust Co.; L. B. F. Raycroft, Electric Storage Battery Co., and George M. Richardson, Vice-President of the Merchants Warehouse Co. and former President of the Board of Trade.

J. William Hardt, Vice-President of the Philadelphia National Bank, was elected Treasurer; C. William Johnson, Assistant Secretary of the Insurance Co. of North America, Assistant Treasurer; George W. Elliott, General Secretary; Henry W. Wills, Secretary, and Robert T. McCracken, General Counsel.